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Grim Euro Disney Audit Cites a Danger of Closing

By Roger Cohen
New York Times Service

PARIS — Auditors of Euro Disney said Wednesday that the troubled theme park would have to close if negotiations with creditor banks and the company's parent, Walt Disney Co., did not soon result in agreement on a financial rescue of the resort.

"The group will need financial support to face its contractual obligations in the 1994 accounting year," said PS Audit, a unit of Pricewaterhouse & Co.

"If the financial restructuring measures envisaged do not reach a conclusion in sufficient time, the group will have cash problems and will not be able to continue its activities."

The comment accompanied the official publication of disastrous results for the year ended Sept. 30, announced last month by Euro Disney SCA. The company acknowledged that it could face a "liquidity problem" after losing 5.3 billion francs, or \$920 million, in its first full fiscal year.

Creditor banks have begun negotiations with Euro Disney and Walt Disney Co. on a financial rescue but appear to have made scant progress up to now.

One possibility under review is that part of Euro Disney's more than \$3.7 billion in debt could be converted into equity. But the banks — which include Banque Nationale de Paris, Crédit Agricole, Deutsche Bank, Midland Bank, J. P. Morgan and Banque Indosuez — are reluctant to accept such a plan until they have evidence that the theme park's performance will improve.

Walt Disney, which owns 49 percent of Euro Disney and has agreed to pump in money for a limited period, is also discussing with banks how any injection of new capital would be shared between them.

Some officials close to the talks say Walt Disney wants banks to at least match its own contribution.

In a statement that appeared designed to play down the impact of the auditors' remarks, Euro Disney officials said the comments were consistent with its earlier acknowledgment of a potential liquidity problem.

"Consistent with this disclosure, the statutory auditors have stated that the company

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Mr. de Klerk leaving the final session of South Africa's white Parliament on Wednesday.

For South Africa, 'A New Beginning' Parliament Puts End to Apartheid, Paving Way for Black Majority Rule

By Kenneth B. Noble
New York Times Service

CAPE TOWN — The South African Parliament strongly ratified a new interim constitution on Wednesday, officially ending nearly three centuries of white rule and guaranteeing full citizenship to the nation's 30 million blacks.

The legislature's clear endorsement of the constitution — 237 votes to 45 — was a boon to the spirits of government negotiators and leaders of the main opposition group, the African National Congress, who had been badly shaken in recent days by mounting opposition to the pact.

The constitution was opposed mostly by rightist members of the Conservative Party who have already said they would resist any attempt to enforce it upon them. They stood up and sang the country's soon-to-be-replaced national anthem on Wednesday. But the atmosphere inside the chamber was generally restrained, as the members effectively voted the minority-ruled Parliament out of existence.

"Now, for the first time, the future holds the promise of a better tomorrow," said Nelson Mandela, the ANC leader, who also noted that this would be the last Christmas under white minority rule in South Africa.

Next year, he added, must "be the year in which all South Africans, regardless of race, creed or gender, must take hands and work together to bring an end to the terrible violence that is tearing our country apart." Mr. Mandela was en route for a Christmas vacation in the Bahamas.

President Frederik W. de Klerk said the parliamentary session on Wednesday, which may be the last under white rule, should not be grieved over.

"It is not the end, but a new beginning," he said. There would be another Parliament, "but this time a Parliament without a legitimacy problem."

The vote in effect ended seven years of negotiating that began in Mr. Mandela's jail cell, and became over the last two years a grueling diplomatic struggle involving up to 26 political parties and government bodies.

Much of that effort was directed at creating a formula that would calm whites who fear for their safety and their property under a mainly black government, without giving minorities the power to paralyze democracy.

The result was a nearly 200-page constitution, which will serve as South Africa's supreme law until an elected assembly can write a permanent version. It promises minority parties seats in a 27-member cabinet for the first five years, and accepts the notion of protecting the jobs and pensions of white soldiers and civil servants. It is backed up by a long list of "fundamental rights" with a powerful constitutional court.

South Africa is still split by fierce racial, ethnic and regional divisions, however, and outside the Parliament building the enactment of the constitution stirred feelings of bitterness and recrimination among some.

The key obstacle to the new order has come from the Freedom Alliance, a formidable coalition of Afrikaner separatists, white supremacists, fervent anti-Communists and Chief Mangosuthu Buthelezi, head of the Zulu-based Inkatha Freedom Party, who fear being shoved to the political periphery during the transition to black-majority rule.

At a news conference Wednesday morning, Ferdi Hartzenberg of the pro-apartheid Conservative Party vowed to wage a "liberation struggle" if its demand for an autonomous white homeland was not met. He said he was convinced such a struggle would succeed.

"The fact that the Afrikaner nation, the Zulu nation and the Tswana nation are not accommodated means there is no solution at this stage," he said.

But Cyril Ramaphosa, the secretary-general of the ANC, said any leader who failed to take part in the electoral process would be "digging a political grave for himself."

Moreover, Mr. de Klerk has said that he is willing to use force if necessary to prevent the holdouts from disrupting elections.

Two days of talks here between the government and the African National Congress on one side, and the Freedom Alliance on the other, failed to resolve their differences, most of which hinge on questions of self-determination and regional autonomy.

The architects of apartheid created 10 tribal homelands, planning to groom them for autonomy.

See RATIFY, Page 7

Ultranationalist Warns Of New Russian Weapon Device Could 'Annihilate' World

By Fred Hiatt
Washington Post Service

MOSCOW — President Boris N. Yeltsin vowed Wednesday to stick with his foreign and economic policies despite the gains of nationalist and Communist forces in parliamentary elections.

Offering his first substantive response to the Dec. 12 elections during an hour-long Kremlin news conference, Mr. Yeltsin promised changes in his government, including a sharp reduction in its size and a "new, more open style." He also promised to cooperate with the new parliament and said he believed it would work constructively.

But for the most part, Mr. Yeltsin offered little in the way of concessions to what many analysts described as an anti-reform, nationalist backlash among the electorate.

In marked contrast to many people, including his own prime minister, Mr. Yeltsin did not call for sharp changes and did not blame his reformist deputy prime minister, Yegor T. Gaidar, or other liberals in his government.

"Gaidar remains, which means the course he is pursuing also remains," Mr. Yeltsin said. "Together with the president and government, of course."

The president said Russians still favored reforms, but wanted them carried out more professionally, with less corruption, crime and confusion. Both in approving a new constitution and electing a new parliament, Mr. Yeltsin said.

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Yeltsin Promises 'More Open Style'

Zhirinovskiy's visit ruffles some feathers in Germany, Page 7.

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Shanghai Sprints to Catch the Modern World

By Patrick E. Tyler
New York Times Service

SHANGHAI — If there is a swiftness in this part of the world, its name is Shanghai. This Chinese city is racing to recapture the glory of capitalism that flourished here 60 years ago and crumbled under Communism.

Recently released private speeches by China's leader, Deng Xiaoping, make it clear that China's largest industrial city was excluded from the boom unleashed 15 years ago.

Back in 1978, fear of failure, and the untested nature of economic reform, left the 13 million residents of Shanghai on the sidelines for more than a decade as "special economic zones" to invent a Chinese capitalism took off along the southern coast.

Today Shanghai is racing to catch up, laying the foundations of a financial capital with a \$40 billion in public works and a development plan that is purging factories in the rice fields of Pudong, on the east bank of the Huang Pu River, which divides Shanghai.

The reformers plan to activate the latent economic power of the Yangtze delta.

To scan Shanghai's horizon is to see the scale of its transformation.

Construction cranes tower over bulldozed neighborhoods as office towers, hotels and shopping centers are built with money from Hong Kong, Macao, Taiwan and the United States.

The largest investor, however, is the government, which is laying roads and building bridges that will make the new city possible.

In October the world's longest cable bridge opened over the Huang Pu. An elevated six-lane ring road, a cross-town expressway and the first line of a subway are all in progress. The harbor is growing, and water, gas and sewage works. A power plant is to start up next year.

On the east bank of the river, facing the Bund, old Shanghai's Art Deco waterfront of banks, trading houses and hotels, the skyline is dominated by Asia's tallest television tower, rising 1,500 feet (about 457 meters).

The tower was designed as a symbol for the city.

Shanghai's program signals the end of ideological debate over free-market experiments.

As Mayor Huang Ju likes to say, 400 million Chinese — 8 percent of the world's population live in an expanding Yangtze River economy with Shanghai as "the head of the dragon" — could be an irresistible force after Mr. Deng is gone.

The publication of Mr. Deng's speeches was the first time Shanghai residents heard his candid confession of last February.

"One of my biggest mistakes," he said, was to exclude Shanghai from the economic zones set up after a meeting of the Communist Party Central Committee in December 1978. That

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Where Christmas Comes, Thankfully, but Once a Year

By Clyde Haberman
New York Times Service

BETHLEHEM, Israel-Occupied West Bank — Norway had a 50-foot fir that it wanted to give to Bethlehem as a Christmas tree.

The symbolism was pretty obvious. Norway had brokered what is widely, if inappreciated, as the peace agreement between Israel and the Palestine Liberation Organization. And Bethlehem, of course, is the biblical birthplace of the Prince of Peace.

But there is a moral to this tale, and it is that Christmas is never simple in the not-so-little town of 50,000 where it all began.

Israel's Agriculture Ministry stepped in. It was concerned less about spreading peace than possibly spreading disease.

"Older trees tend to have more diseases," said a ministry spokesman, Roni Hassid. "This was to be a very old, mature tree with a potential for bringing with it many problems."

So the ministry said no to Norwegian wood.

"I tried to explain to them the political significance of this gift," lamented Elias Freij, Bethlehem's long-serving mayor.

Israel and PLO negotiators were said to be close to an agreement on checkpoints, Page 6.

Kiosk

Paramount Said to Endorse QVC Bid
Paramount Communications Inc. has recommended that stockholders accept a \$10.2 billion takeover offer by QVC Network Inc. an adviser to QVC said Wednesday in New York.

The endorsement, while not binding, intensified pressure on Viacom Inc. to raise its offer or abandon its long-held plans to merge with Paramount.

Under the bidding guidelines established by Paramount, both QVC and Viacom have 10 business days following the board's endorsement to raise their offers in the three-month takeover battle. (Page 9)

Budget Passed, Italy Awaits Election
ROME (Reuters) — Italy's Senate approved a 1994 budget Wednesday, clearing the way for President Oscar Luigi Scalfaro to call landmark early general elections.

Prime Minister Carlo Azeglio Ciampi had insisted that parliament could not be dissolved until the austerity budget became law. Mr. Scalfaro is now expected to call a March election within days.

Approval of the budget, a day earlier than originally planned, was keenly awaited by financial markets to bolster Italy's international credibility. Some analysts now expect a cut in the official 8 percent discount rate.

Health/Science
A French laboratory's bid to map DNA sets up a "library" of genes. Page 8.

Book Review
Bridge Crossword Page 7.

In Bleak Bosnia Forecast, CIA Sees Partition Likely

By David Binder
New York Times Service

WASHINGTON — The CIA has concluded that the economic embargo imposed on Serbia 18 months ago is likely to deteriorate and that the West will probably have to accept the ethnic partitioning of Bosnia-Herzegovina.

In a new assessment, the agency also says that there appears to be "no good and politically viable alternative" to Slobodan Milosevic, the Serbian president, who has been accused in the West of starting the ethnic violence that followed the breakup of Yugoslavia.

He is "probably the only Serb leader the West can deal with and the only one capable of delivering a comprehensive solution" to the Bosnian crisis and Serbia's conflict with Croatia, the agency said.

The analysis was completed early this month, before the elections on Sunday in which Mr. Milosevic's party gained seats in the Serbian parliament.

The Bush and Clinton administrations have supported an integral Bosnia-Herzegovina and have backed UN economic sanctions against Serbia. The Serbian government has supplied the Serbian forces that have taken control of about two-thirds of Bosnia, Croatia, which has seized about 20 percent of the country, has avoided international economic sanctions.

A document drawn from the assessment, called a National Intelligence Estimate, says it will be "difficult or impossible to undo" the large population shifts that resulted when hundreds of thousands of Muslims, Serbs and Croats were driven from their homes.

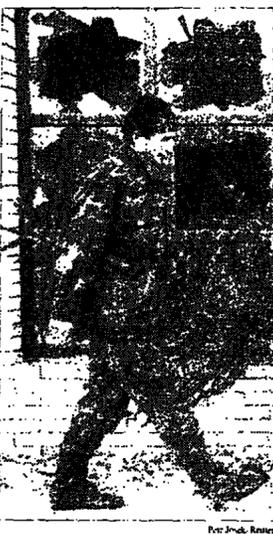
Last week, David Kanin, the CIA's chief analyst for Yugoslavia, alluded to plans by Serbian and Croatian leaders to annex portions of Bosnia-Herzegovina and to the prospect that Kosovo, an ethnically Albanian province of Serbia, will one day become part of Albania.

"I believe we are moving toward a greater Serbia, a greater Croatia and a greater Albania as result of this war," Mr. Kanin said during a discussion at the Woodrow Wilson Center, an arm of the Smithsonian Institution here. "The issue is whether to manage it or ignore it."

"We are not trying to manage it," Mr. Kanin said. "We're just ignoring it."

Kent Harrington, the CIA director of public affairs, said: "We encourage our analysts to participate in academic discussions, but when they do they speak as individuals and do not

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A Bosnian Croatian soldier taking a Christmas tree past a damaged building in Vitez.

Newsstand Prices

| | | | |
|---------------|------------|--------------|--------------|
| Bohain | 0.800 | Ch. Atlatl | 25 C. |
| Cyprus | 2.100 | Nigeria | 45.00 |
| Denmark | 14.00 | D.K.R. | 15 N.K. |
| Finland | 11 F.M. | Denon | 1.000 |
| Great Britain | 6.00 | Denon | 2.000 |
| Great Britain | 6.00 | Denon | 2.000 |
| Japan | E.P. 5000 | Saudi Arabia | 9.00 R |
| Japan | E.P. 5000 | Saudi Arabia | 9.00 R |
| Kenya | K. SH. 150 | U.A.E. | 8.50 |
| Kuwait | 500 Fils | U.S. Mail | (Eur.) 75.10 |

Major Takes a Walk in Belfast and Challenges the IRA

By John Darnton
New York Times Service

LONDON — On a surprise visit to Northern Ireland, Prime Minister John Major walked both the Roman Catholic and Protestant streets of Belfast on Wednesday to proselytize for the peace initiative that he launched with the Irish prime minister a week ago.

In an unusual foray for a British leader into West Belfast, where murals and graffiti proclaim support for the Irish Republican Army's campaign to drive the British out, Mr. Major challenged the political wing of the IRA to take up the initiative.

"There is a gaudet down on the table," he said. "It is marked 'peace.' It is there for Sinn Fein to pick it up. The onus is on them."

As he spoke, surrounded by rings of policemen and soldiers in battle gear and drawn weapons, he stood in an industrial enterprise zone not far from Milltown Cemetery, which has a special section reserved for the IRA fallen. The most recent grave there is that of Thomas Begley, the 23-year-old "volunteer" who car-

ried a bomb into a fish store on the Shankill Road two months ago, killing 10, including himself.

From West Belfast he went to mainly Protestant East Belfast. He visited the Shorts aircraft factory, which has been attacked several times by the IRA, and was cheered when he took over the controls of a computerized riveting machine.

As Mr. Major left City Hall, where he met with civic leaders, he ran into an impromptu demonstration by diehards who want to keep Northern Ireland within the United Kingdom and who see the peace initiative as a sellout.

Cedric Wilson, a former councillor from the Reverend Ian Paisley's Democratic Unionist Party, turned a protest poster into a paper dart and buried it in the direction of the prime minister, shouting: "You will live to regret this but the people of Northern Ireland will die regretting it. Shame on you." Mr. Major ignored him.

The visit was intended to bring further pressure

upon Sinn Fein and its leader, Gerry Adams, to accept the declaration of principles announced last week by Mr. Major and Prime Minister Albert Reynolds of Ireland. Under the name of "the Downing Street declaration," the overture is a set of general propositions that in theory all sides might subscribe to as a framework for starting peace talks.

To soothe the fears of the unionists, who come from the ranks of the Protestant majority, they include repeated pledges that there can be no change in the status of Northern Ireland without the consent of most of its people. The document recognizes that a united Ireland can come about, provided both North and South want it.

As a condition for joining in the talks, the two governments insist that the IRA renounce violence for good. Behind the scenes, officials are hoping that the IRA's customary four-day Christmas cease-fire will simply go on. As a stick to go along with the carrot, both Dublin and London have threatened to crack down on the IRA if the initiative is rejected.

The IRA is studying the declaration. A key question is whether the concessions to the principle of Irish unity and the prospects of being treated as a negotiating partner are enough of an inducement for its more radical fighters to lay down arms. One possible sign of opposition came Sunday and Monday when bombs were set off in Londonderry and Belfast, slightly injuring a soldier and a civilian. But trying to put an optimistic gloss on things, government officials privately call this a "low level" of activity.

In recent days Mr. Adams, the Sinn Fein leader who speaks on behalf of the IRA, has been trying to up the ante, demanding the release of all "political prisoners" and calling for unconditional talks with London and Dublin on the future of Ulster. His demands have been rejected out of hand.

Both Mr. Major and Mr. Reynolds emphasized Wednesday that they were not about to be drawn into a back-and-forth debate about negotiations. "The joint declaration is perfectly clear," Mr. Major said. "There is no need for a fresh negotiation."

Yeltsin to Oversee State-Run Media

He Sees 'More Independence'

Compiled by Our Staff From Dispatches

MOSCOW — President Boris N. Yeltsin said Wednesday that he was taking direct control of state mass media, but he asserted that the move would help ensure freedom of the press.

The Itar-Tass news agency earlier quoted a top government official as saying that the Itar-Tass and RIA news agencies would be "state-run and absolutely independent." The official commented that these were "two notions which are practically impossible to combine."

Mr. Yeltsin said, "The mass media will have a more precisely defined structure, the individual component parts will have more independence and the mass media are being taken out of the government's remit and are being subordinated to the president."

Some Kremlin officials in recent days have suggested that the media were partly to blame for the surge by the ultranationalist politician Vladimir V. Zhirinovskiy in parliamentary elections earlier this month.

In the month before the Dec. 12 vote, Mr. Zhirinovskiy was allowed to buy more television time than anybody else for speeches promising that Russia would expand its borders to include all former Soviet republics.

Mr. Yeltsin appointed Alexander N. Yakovlev, the architect of liberalization policies under the former Soviet president, Mikhail S.

Gorbachev, as head of the Federal TV and Radio Service, a new government agency overseeing Russian state television and radio.

"The man has great experience, he has been dealing with the media all his life," Mr. Yeltsin said Wednesday. "I trust him."

Information Minister Vladimir F. Stuzhenko also said Mr. Yeltsin was expected to sign a series of decrees dissolving his ministry and replacing it with several government agencies.

The Federal TV and Radio Service is expected to oversee both of Russia's television companies — Russian Television and Ostankino, also called Commonwealth TV.

The Information Ministry is to be replaced by a Press Committee charged with helping Russian media through difficult economic times. In addition, a presidential Department on Mass Media will help Mr. Yeltsin get his message across to the people.

Mr. Yakovlev, 70, was named the Communist Party's secretary for ideology soon after Mr. Gorbachev came to power in 1985. He gave newspapers, radio and television freedom to report on crime, homosexuality, Western achievements and the crimes of the Soviet era.

Mr. Yakovlev is the only senior official in Mr. Gorbachev's administration to be appointed by Mr. Yeltsin to an important post after the Soviet collapse. (AFP, Reuters)

Kohl Aide 'Fueling Fire' Of Extremists, Foes Say

Review

BONN — Wolfgang Schauble, a key aide to Chancellor Helmut Kohl, was accused of pandering to far-right extremists on Wednesday by suggesting that the army be used to uphold domestic security.

Mr. Schauble, the parliamentary leader for Mr. Kohl's Christian Democrats, ran into stern criticism by both government and opposition politicians for saying the law should be amended to allow the army to deal with internal security.

"Schauble is fueling the fire of right-wing extremists," said Justice Minister Sabine Leutheusser-Schnarrenberger, a member of the liberal Free Democrats, who are minority partners in Mr. Kohl's center-right coalition.

"The armed forces and our constitution are too important to be used as a cheap election campaign issue," she said.

Mr. Kohl's party wants to make law and order a leading issue in parliamentary elections next October, but Mr. Schauble's proposal, contained in a Christmas letter to Christian Democratic deputies Tuesday, touched a nerve in the German national conscience.

Critics reminded him that soldiers were called out to shoot at workers during the Weimar Republic in the 1920s and that SS troops guarded concentration camps during the Nazi dictatorship.

"We have had bitter experiences from mixing military and political power," the Frankfurt Rundschau daily said in reference to the

Nazi oppression. It said soldiers were neither trained for nor suited to confronting street protesters and would only make things worse.

The opposition Social Democrats urged Mr. Kohl to distance himself from Mr. Schauble's proposal, but the chancellor made no immediate comments.

Mr. Schauble, once seen as a possible successor to Mr. Kohl, said Tuesday that he realized he was breaking a taboo by challenging the constitutional constraints on deploying soldiers at home for other than disaster relief.

"What do we do in a situation in which we in Germany no longer can cope with?" asked Mr. Schauble, who has been confined to a wheelchair since being shot during the 1990 election campaign.

"The borderline between internal and external security has become increasingly blurred at a time of worldwide migration and international terrorism," Mr. Schauble wrote.

"We should consider whether or not the armed forces, under strictly defined conditions, could be made available in emergencies also to cope with major security threats in the internal area, just like armies in other civilized states," he wrote.

Bonn's constitution says the army may be deployed in support of the police and border guards "in the protection of civilian property and in combating organized and militarily armed insurgents" only if democracy were in immediate danger.



Near Brussels, villagers at Hug being evacuated on Wednesday as the rising Meuse River threatened their homes.

Floods Ravage Northwestern Europe

By Craig R. Whitney
New York Times Service

BONN — Waters continued to rise over Belgium, the Netherlands, Luxembourg, Germany and northeastern France on Wednesday in the worst floods in some places in 45 years.

At least four people have died in the floods and the storms that produced them. One man was swept away in Belgium on Wednesday after falling into the Meuse River on his bicycle, and a woman who washed away in Germany on Tuesday was still missing.

More than 2,000 people were evacuated in Eastern Belgium, where the executive commission of the European Community said it would provide up to \$565,000 in emergency aid.

Much of the business district of the German city of Saarbrücken, near the French border in the state of the Saar, was under water. Telephone lines and electricity were cut off there and in many other places.

In Bonn, a city where politicians are used to being up to their necks in hot water, there was greater difficulty in coping with the inexorable rise of the cold, muddy-brown water that was lapping at the edges of the new

parliament building by Wednesday afternoon and rising.

Authorities said it was finally beginning to slow down Wednesday afternoon, but border troops were deployed into action to fill sandbags and help legislators and shopkeepers evacuate low-lying storehouses.

River traffic on the Rhine was suspended between Bonn and Cologne, where movable walls were rushed into place to try to keep the waters out of the medieval old town near the 13th-century cathedral.

The sun was shining here Wednesday, but days of drenching cold rain downriver had swollen two of the Rhine's main tributaries, the Neckar and the Moselle, to record levels, and the waters continued to rise. In the German city of Koblenz, where the Moselle enters the Rhine, soldiers and border troops used rubber rafts to evacuate about 1,200 people from flooded homes.

In the German winemaking and tourist area around Cochem, the Moselle was rising at more than two inches an hour, according to disaster centers.

After days of continuous rain, the Moselle reached a historic high in the German city of Trier, on the border with Luxembourg, Tuesday evening.

The U.S. Embassy in Bonn, which is on the west bank of the Rhine, dismissed nonessential employees an hour early Wednesday afternoon as the waters kept rising. Officials said they would probably not be called into work again if the waters kept rising, because the parking lot was cut off.

France Hit Hard

In eastern France, rivers burst their banks after 17 days of almost continuous rain combined with unusually mild weather that melted snows, news agencies reported.

While it was the same storm front across Western Europe, French and German forecasters disagreed about the next few days: French forecasters said temperatures were expected to fall, which should stop snow melting and slow the rise in water levels, but the Germans predicted more rain.

In northern France hundreds of homes were flooded, and officials said the situation was critical.

In Belgium more than 2,000 people were evacuated from their homes.

Tens of thousands of homes were flooded in a strip along the border from the coast to Luxembourg. Roads were blocked and the canals swollen in Bruges. (Reuters, AFP)

U.S. Gives Asylum to Castro's Daughter

The Associated Press

WASHINGTON — Alina Fernández Revuelta, the daughter of President Fidel Castro, has left Cuba and been granted political asylum in the United States, a State Department official said Wednesday.

Mrs. Fernández, who is about 40 and has long been a critic of her father's revolution, left Cuba on Monday for Spain and flew to Atlanta on Tuesday afternoon after her asylum request was granted, said the official, who spoke on condition of anonymity.

She left a teenage daughter in Cuba, the official said, adding that her whereabouts Wednesday were unknown.

Mrs. Fernández, who has called Mr. Castro a tyrant, wished to leave the island for years but could never receive permission. The circum-

stances of her departure on Monday were not clear.

José Cardenas, a representative of the Cuban American National Foundation, said Mrs. Fernández expected to wait several days before going public with her story.

She was once married to a Mexican and wanted to emigrate with him to Mexico but Cuban authorities turned down her request. Eventually, he returned to Mexico.

In recent years, she has been living quietly with her daughter in Havana. Her mother, a supporter of the revolution, lived nearby.

She told The Washington Post in April 1992 that she was last allowed to leave the island in 1964 at the age of 8 when she visited Paris with her mother.

"I dream of going back there, of going anywhere," she said. "But I'll never be able to leave, like a lot of other people here."

Mrs. Fernández, a former model, said she had not spoken to her father in years. Her main memory of him is from her childhood when he would visit the apartment where she lived with her mother.

As a teenager, the daughter repudiated Mr. Castro's scant attentions by refusing to use his surname. Mr. Castro has never publicly acknowledged her as his daughter.

Aristide Rejects New Effort for Talks

Washington Post Service

WASHINGTON — Haiti's expelled president has rejected another effort by the Clinton administration to start talks with the military about restoring him to power.

In a communiqué issued through a public relations firm on Tuesday, President Jean-Bertrand Aristide said talks could get under way only "after his physical return to Haiti."

Since his return is the proposed subject of the talks, his request is "putting the cart before the horse," a State Department official said.

The response followed by a day Father Aristide's three-hour meeting with Lawrence Pezzullo, the U.S. special envoy to Haiti. Mr. Pezzullo, along with representatives from the United Nations, Venezuela, France and Canada, tried to persuade the priest-turned-politician to endorse the talks.

It was the second time this month that Father Aristide had rejected the talks since the proposal received President Bill Clinton's endorsement. The idea was originally broached by Robert Malval, who proposed a broad meeting of Haiti's political, military and religious groups at the same time he announced his resignation as prime minister.

Father Aristide opposes the idea of a new round of negotiations with Haiti's military rulers, contending that the continued military grip on the island would make such a meeting unsafe for his followers. "The current conditions of insecurity in Haiti will not allow for a national conference at this time," he said Tuesday.

The Clinton administration still backs the plan. "We believe it can actually move the process forward," said the State Department spokesman, Michael McCurry.

Father Aristide's stand has exasperated U.S. officials, while European officials have begun talking about the possibility of holding new elections.

Collier or et brillants

Van Cleef & Arpels

"Il est des signatures auxquelles on tient."

Bague or et brillants

Van Cleef & Arpels PARIS 22, Place Vendôme, Tél : 42 61 58 58 - GENEVE 31, Rue du Rhône, Tél : 311 60 70 "boutique"

WORLD BRIEFS

Cambodia Attacks Khmer Rouge

PHNOM PENH (AP) — Government forces have launched an offensive against the Khmer Rouge guerrilla group, capturing villages and destroying bases in attacks that killed 25 rebels, state radio reported Wednesday.

The Maoist group, which controls about 15 percent of Cambodia, has said it wants to join the government elected in a UN-organized poll in May. But it has continued attacking government positions to bolster its bargaining power.

Government sources said Prime Minister Norodom Ranariddh met with the leader of the Khmer Rouge, Kieu Samphan, last week in Thailand to negotiate an end to the bloodshed. Prime Ranariddh declined Wednesday to confirm those reports. But his spokesman reiterated the government's position that talks would not take place until the Khmer Rouge stopped fighting.

Kiev Says Pact Is Still in Negotiations

KIEV (Reuters) — A day after the Ukrainian president, Leonid M. Kravchuk, said Russia and the United States had agreed to sign a separate nuclear arms treaty with his country, Kiev took a step back on Wednesday, saying the accord was only under discussion.

Mr. Kravchuk announced Tuesday that Kiev had reached an agreement with the United States and Russia on compensation, security guarantees and technical and scientific aid to break a deadlock over missiles based on Ukrainian soil.

But the Ukrainian foreign minister, Anatoli Zlenko, said Wednesday that "negotiations are still continuing." He added, "Maybe this agreement will come out of the talks — otherwise I do not see a decision on the nuclear weapons' problem being taken on verbal basis."

Argentina Acts to Allow Re-Elections

BUENOS AIRES (UPI) — Argentina's lower house of Congress approved a proposal Wednesday to change the constitution, paving the way for President Carlos Menem to seek re-election.

The measure allows for a president to be re-elected and reduces the presidential term from six to four years. It also calls for a direct vote for president and vice president and a second vote if one candidate fails to win more than 40 percent. The proposal goes before the Senate this week; it is expected to pass.

The proposal was agreed to earlier this month by Mr. Menem of the Peronist Party and his predecessor, Raúl Alfonsín, of the opposition Radical Civic Union. Mr. Menem had previously called for a national referendum on the changes.

Formal Inquiry of Tapie Is Opened

BETHUNE, France (Reuters) — A magistrate formally placed Bernard Tapie, a businessman and politician, under investigation for suspected business fraud on Wednesday but allowed him to walk free after several hours of questioning.

Magistrate Benoit Peryn, who is investigating suspected financial irregularities at Mr. Tapie's Testis weighing machine company in the northern town of Bethune, placed no restrictions on his movements, Mr. Tapie's lawyer, Philippe Leleu, said.

Mr. Tapie was placed under investigation, a formal step in the judicial process indicating serious suspicion that a person committed a crime. A member of the National Assembly and owner of the Olympique Marseille soccer team, Mr. Tapie is a left-leaning millionaire and former minister under President François Mitterrand. His parliamentary immunity was lifted on Dec. 7 so that he could be questioned.

Fortune Smiles on a Spanish Town

CAMPELLO, Spain (Reuters) — Residents of a small Spanish coastal town danced in the streets on Wednesday after learning they had won at least 32 billion pesetas (\$130 million) in the world's biggest lottery.

Many of Campello's 11,000 residents had bought pieces of ticket number 47,884, which won a first prize, from a youth group. "I don't know how much I've won. I'm just happy I've won, my aunt has won, everybody has won," said one young woman in the town, north of Alicante on the Mediterranean coast.

Millions who had bought tickets in the 150 billion peseta lottery — called El Gordo, or The Fat One — followed the results ceremony on radio and television and work slowed to a crawl in many places. Lottery tickets are divided into 10 parts with each part, which can be split again, selling for 3,000 pesetas. In the event of a win, each of the parts pays out a tenth of the prize.

TRAVEL UPDATE

Lille-Paris Link Is Partially Restored

PARIS (AFP) — The high-speed train link between Paris and the northern city of Lille was partly restored Wednesday after a derailment at 300 kilometers per hour (180 mph) Tuesday caused by subsidence under the new line.

Services were restored on one of the two lines after the derailed train was towed away overnight. The state-owned railroad company SNCF was checking the state of the ground in the area on Wednesday after the subsidence, believed to have been caused by heavy rain and flooding, left a gaping hole under the track.

The high-speed train, traveling at top speed on a newly built line linking Paris and Lille, derailed as it left the new station of Ablaincourt-Pressoir, being built to serve the city of Amiens. The train's eight coaches stayed upright as it lurched to a halt, plowing up the ballast for two kilometers, but no passenger was seriously hurt.

Scandinavian Airlines System will lease two newly built catamarans on the Malmo-Copenhagen route to replace the current hovercraft, SAS announced Wednesday in Stockholm. The new catamarans, with seats for 150 passengers, will be put into service Aug. 1.

About 600,000 Japanese — a record number — will travel abroad during the holiday season despite a worsening recession, the Japan Travel Bureau said Wednesday.

State-run Indian Airlines is expanding service to Muscat in the Gulf and is planning a weekly flight to Uzbekistan, officials said.

Ozone pollution has passed the danger level in Mexico City on eight of the last nine days, government figures showed Wednesday.

Chengde, the capital of China's Sichuan Province, will open its airport to wide-body jets from foreign airlines starting next week, the official Xinhua press agency reported.

A California tourist was killed by a hippopotamus while canoeing on a southern African river, the Namibian state radio said Wednesday. The radio identified the dead woman as Bertha Sylvia Tade of Coronado, California. She had been photographing the animals, but approached them too closely and one attacked her canoe, the radio said.

Pentagon Issues Rules Of Homosexual Conduct

The Associated Press

WASHINGTON — The Pentagon outlined specific regulations Wednesday to enforce the new law on homosexuals serving in the military, saying homosexuality is not a bar to service, but it forbids homosexual conduct.

Outlawed sexual acts include "touching a person of your same sex or allowing such a person to touch you for the purpose of satisfying sexual desires," and gives the example of hand-holding, kissing or other physical contact.

The rules cap an agonizing year in which President Bill Clinton, faced with strong opposition, abandoned his campaign pledge to lift the ban outright. Instead, he settled for a "don't ask, don't tell, don't pursue" policy that differs only slightly from the old rules.

"We are confident that the new policy will maintain unit cohesion and will maintain the readiness of the best-trained, best-equipped military in the world today," Defense Secretary Les Aspin said.

The regulations are intended to give precise definitions of homosexual conduct and conditions that could lead to a service member being removed from the military.

"Homosexual conduct is defined as a homosexual act; a statement by the applicant that demonstrates a propensity or intent to engage in homosexual acts, or a homosexual marriage or attempted marriage," the directive states.

Along with the regulations, the Pentagon also released a training guide for commanders in the field, describing several scenarios upon which to base their decisions.

For example, a commander may be advised not to open an investigation if a service member is seen leaving a known gay bar, or is seen reading gay publications.

Once a commander has been notified that a service member was seen leaving a gay bar, the commander "should not begin an inquiry into this matter. Going to a gay bar is not a crime, nor does it, in itself, constitute a 'nonverbal statement' by the service member that he is a homosexual."

However, a commander would be advised to open an investigation if "a member engages in behavior that a reasonable person would believe is intended to convey the statement that the member is homosexual or bisexual."

STATESIDE / CATHOLICS IN CRISIS

★ POLITICAL NOTES ★

Tax Issue Won't Disqualify Inman, Nunn Says

WASHINGTON — The chairman of the Senate Armed Services Committee said Wednesday that the tax problems of the defense secretary-designate, Bobby Ray Inman, should not disqualify him for the job.

Senator Sam Nunn, a Georgia Democrat, said the fact that Mr. Inman had not paid \$6,000 in Social Security taxes for his housekeeper until Monday, after President Bill Clinton named him for the post, was "regrettable," but "it is not disqualifying."

The White House had said that Mr. Inman was now up to date in his taxes for the housekeeper, who has worked for him since 1986. Under federal law, people hiring babysitters or other household help and paying them a certain amount must pay their Social Security taxes.

Mr. Nunn, appearing on NBC-TV, said that Mr. Clinton had set a policy that late payment of Social Security taxes for household help would not be enough to disqualify a candidate for an administration job. (Reuters)

Crime Not Only Urban Crisis, Clinton Told

WASHINGTON — Housing Secretary Henry G. Cisneros is warning President Clinton that he risks alienating urban supporters if he focuses solely on crime without offering solutions to other urban crises, an internal memo shows.

In the confidential memo, Mr. Cisneros urged Mr. Clinton to "speak to your urban base and describe what you are doing" for the poor before they begin to feel ignored.

"The crime that is so widely reported is but one manifestation of our nation's pain," Mr. Cisneros wrote. "You have in place the threads of programs which can be woven together into a coherent fabric of urban policy." A copy of the memo was obtained Tuesday by The Associated Press.

Last month, Mr. Cisneros defended Mr. Clinton's lack of a formal urban policy, saying the president proved his commitment to urban areas by setting up a "community enterprise board" to carry out reforms that will help distressed cities. But the memo, dated Nov. 24, five days after Mr. Cisneros defended Mr. Clinton, pressed the president to draft an urban policy so it would not look as if he was only paying lip service to city problems. (AP)

Texas Senator's Indictment Appeal Rejected

AUSTIN, Texas — A judge rejected claims of political bias and refused to dismiss an indictment accusing Senator Kay Bailey Hutchison of wrongdoing while she was state treasurer.

Judge John Onion rejected motions on behalf of Mrs. Hutchison, a Republican, that claimed the charges were produced by a predominantly Democratic grand jury and a politically motivated district attorney. Mrs. Hutchison's lawyers had accused Travis County District Attorney Ronnie Earle, a Democrat, of vindictive and selective enforcement against Mrs. Hutchison.

Mrs. Hutchison was indicted on charges that while state treasurer she used state employees and state equipment for her personal benefit and then destroyed records as a coverup. (AP)

Quote/Unquote

Hillary Rodham Clinton, on her role in advising her husband: "But as with any married couple and particularly Bill and me, where we've worked so much together and we respect and appreciate each other's ideas and viewpoints so much, he's asked me for opinions and advice on other matters when he thought it was appropriate. And I have been willing to offer that because, as you know, from having covered my husband in the past, he seeks opinions and advice from nearly everybody."

"So in areas that he thought I had something to contribute in his decision-making, he has asked me. Sometimes just as husbands and wives do, he has not asked me for opinions but has shared a decision that he was making just to kind of talk to somebody that he knew would be totally trustworthy. But that I think is probably what has happened in this house ever since George and Martha Washington. So I don't think it's different than before." (AP)

Diocese Fears Bankruptcy Because of Pedophile Claims

By David Margolick

ALBUQUERQUE, New Mexico — Faced with dozens of sexual molestation claims against priests in New Mexico, the Catholic Archdiocese of Santa Fe has told parishioners that it might have to file for bankruptcy because of legal costs.

It has also asked parishioners to help defray millions of dollars in settlement costs and legal expenses to spare it from becoming the first U.S. archdiocese ever to file for Chapter 11 bankruptcy protection.

In a letter read from pulpits or posted on bulletin boards in 91 parishes and missions throughout New Mexico on Sunday, Archbishop Michael J. Sheehan noted that with victims of sexual misconduct demanding up to \$50 million in damages and the church's insurers balking, bankruptcy loomed.

Acknowledging that he was taking a "drastic" step, he asked each parish to contribute whatever cash and property it could rather than have them seized by the courts.

"The lawsuits touch all of us, not just the guilty priests or the archbishop or the pastors of the parishes where the abuse may have happened," he wrote. "Neither did I think when I was ordained a priest and a bishop that I would have to deal with such a painful problem personally."

Monsignor Francis J. Maniscalco, a spokesman for the National Conference of Catholic Bishops, said that he knew of no other diocese that has made an appeal like Santa Fe's, nor to his knowledge had an U.S. Catholic diocese or archdiocese ever declared bankruptcy.

When dioceses have faced severe financial difficulties, special administrators have been appointed by the Pope to forestall bankruptcy, he said. And in rare cases, other dioceses have helped out.

Noting Archbishop Sheehan's warning that bankruptcy could lead to seizure of parish savings, Monsignor Maniscalco said, "There would probably be questions about what bankruptcy means for churches. I suspect everyone would be on uncharted seas."

Parishioners in the archdiocese were the first to start surveying that uncharted area. Many were anguished; most were torn between anger about the request made to poor parishes and a willingness to help the church to which they are devoted.

Representatives of victims of sexual abuse have occasionally proposed a national collection in Catholic churches or a national trust fund to pay for treating victims and other damages.

But Monsignor Maniscalco said that the bishops had not discussed any national measures to assist individual dioceses but with unusually high settlements in cases of sexual abuse. Such measures would be a departure from the way the American Roman Catholic church has organized itself financially, he said.

Church officials in Albuquerque estimate that over a 30-year period as many as 200 people were abused by 45 to 50 priests. The archdiocese is currently defending itself in 41 separate lawsuits. Another 20 people have said they had claims but have not retained lawyers.

Nineteen cases have already been settled for \$10,000 to \$600,000. The payouts have varied with the duration and severity of the abuse, which runs from single unwanted kisses to eight years of oral sex and sodomy.



CHRISTMAS IN MOGADISHU — U.S. soldiers decorating a tree in Somalia on Wednesday.

Away From Politics

• An Oregon State University scholar, Marcus Borg, whose study of Jesus has set off a furor among fundamentalist Christians, got an endowed chair worth \$3 million, one of the richest in religious studies. Mr. Borg is one of the authors of a book contending that 80 percent of the sayings attributed to Jesus in the Bible were added by later authors.

• Dr. Jack Keavorian said he would keep his promise not to assist in any new suicides until higher courts decided the validity of Michigan's law against the practice. Dr. Keavorian was released from the Oakland County Jail in Detroit after he promised under oath to refrain from the practice of "medicide," his term for doctor-assisted suicide.

• The Church of Scientology holds assets of nearly \$400 million, including a cruise ship, according to a detailed portrait of the group's financial network provided to the Internal Revenue Service. The

papers were submitted by the church as part of its 39-year effort to gain tax-exempt status. The documents became public after the IRS granted an exemption to more than 20 Scientology organizations on Oct. 1.

• Four men posing as bank customers and three others outside waited patiently Tuesday while a Brink's armored truck completed a delivery of \$1.5 million to a busy midtown Manhattan bank. After the cash was brought into the bank and the Brink's guards left, the men drew guns and stole the huge cash delivery, but the police said the robbers abandoned most of the cash in a yellow van they used for their escape after being pursued through heavy cross-town traffic by an officer on a police scooter.

• Families with children now account for about 43 percent of the homeless, up from about 33 percent in previous years, the U.S. Conference of Mayors said in a survey that challenges some of the stereotypes of urban poverty. The 1993 study also found that single men make up about 43 percent of the homeless, single women 11 percent and unaccompanied minors 4 percent. (Reuters, AP, NYT)

Rise in Health Costs Slows Up

By David S. Hilsenrath

WASHINGTON — The inflation rate for health care prices has slowed to its lowest level in two decades, according to government data.

The trend could make it less expensive to extend health coverage to the almost 38.5 million Americans without insurance, as President Bill Clinton has proposed, analysts said.

But the trend could take some steam out of Mr. Clinton's push to overhaul the U.S. health care system by detaching from the sense of financial necessity that surrounds the issue, analysts said.

"It makes it harder to scare the middle class into supporting health care reform, which is what he really has to do," said Mark Pauley, chairman of the Department of Health Care Systems at the University of Pennsylvania's Wharton School.

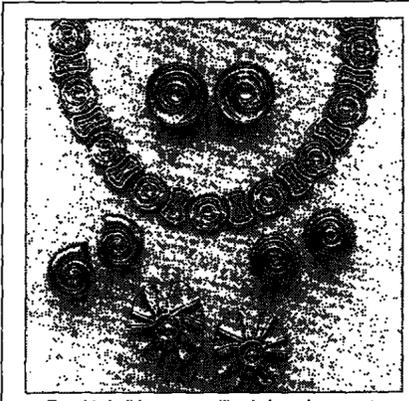
The declining medical inflation rate is largely a reflection of low inflation in the economy as a whole, analysts said. But it also shows how structural changes in the business of health care have begun to control rapidly rising costs, they said.

The prices individuals and households pay for medical goods and services rose at a rate of 5.5 percent during the 12-month period that ended in November, down from an inflation rate of 6.9 percent during the preceding 12 months, according to the government's medical care price index.

It was the lowest 12-month inflation rate since the period that ended in January 1974, when medical inflation was 5.3 percent and health care was subject to President Richard Nixon's wage and price controls, according to the Bureau

of Labor Statistics. The medical inflation rate has been declining since 1990, when it reached an annual pace of 9.6 percent.

Even though prices are rising more slowly, the cost of health care remains a serious economic problem, analysts said. Over the past 12 months, health care prices continued to rise faster than the overall inflation rate, which was only 2.7 percent.



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Al Gore's Road Show Plays Well Abroad

By R. Jeffrey Smith

WASHINGTON — "Two stiff guys in Albany," said Vice President Al Gore, offering a joking headline for his visit last week with Nursultan A. Nazarbayev, former Communist Party apparatchik, president of Kazakhstan, and a new friend of Washington's.

For a politician with a reputation for being wooden, Mr. Gore showed surprising agility and good humor in dealing with the fast-talking, steely Mr. Nazarbayev. One payoff of Mr. Gore's approach was a decisive vote by the Kazakh parliament in Alma-Ata (also known as Almaty), arranged while he was in town, pledging to give up nuclear arms.

The achievement showed one of Mr. Gore's strengths as a new player in high-stakes foreign policy: Sending the veep overseas gets high-level attention and makes things happen that might otherwise be deferred or neglected. When the topic of negotiation is nuclear armaments

or the environment, he is at the top of his form, with a sure agenda and a grasp of details.

But when the topic is less familiar — such as domestic Russian politics — the vice president's footing is less sure. After several days of ducking comment on the Dec. 12 election gains of anti-reform forces, Mr. Gore came out swinging with tough remarks about the top vote-getter and blunt criticism of other nations for failing to give Russia adequate financial aid. But by week's end, he had received advice from Washington to tone it down.

With only two major diplomatic trips under his belt — this and one to Mexico earlier this month for discussions about the North American Free Trade Agreement — Mr. Gore is still feeling his way. But he has embraced with enthusiasm the task of helping rescue U.S. foreign policy from its image of distress.

More inclined to laugh and joke when the setting is private, Mr. Gore in public was poised and determinedly bland. On Thursday, for ex-

ample, in a Moscow studio between interviews with U.S. and Russian television networks, his wife, Tipper, tried to engage him in conversation and even a kiss. But Mr. Gore, who knew reporters were watching on a closed circuit television link, chose to stare blankly at the camera for about 10 minutes.

His only personal observation during the session came after a Russian interviewer had left the room. "All his questions were about the environment, which is fine," he told an aide within range of the microphones. "It makes me happy." He is most animated when discussing his book, published last year, about global environmental problems — "Earth in the Balance" — and rarely missed an opportunity on the trip to sign copies.

While flying to Alma-Ata from Frankfurt, Mr. Gore even borrowed the pilot's map to lecture reporters on his plane about the desiccation of the Aral Sea — Chapter 1 of the book — halting his presentation only when the map was urgently needed in the cockpit.



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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Russians Must Be Helped

Russians voted their fears, pain and anger this month when they turned toward anti-reform demagogues in surprising numbers. The West cannot cure Russia's distemper with the promise that better days are sure to follow if only Moscow will move quickly to a market economy. It must provide aid, and soon, so that President Boris Yeltsin's reformers can protect the most vulnerable citizens from the wrenching dislocation of economic reform.

Economic recovery means shutting down mammoth military, steel and other factories that produce little of value. In time, investment can be redirected into housing and consumer products that Russians crave. But the unemployed, the displaced military and pensioners cannot wait. Only when they are taken care of can Mr. Yeltsin's reform government survive.

The value of this aid cannot be overvalued in the way the West originally sold the virtues of rapid reform. This means being honest with ordinary Russians — as well as with American taxpayers, who will be asked to foot the bill — about the fact that Russia faces at least several more years of tough times as the price of seven decades wasted under a command economy.

That said, Western aid must flow far faster than it has. So far, the International Monetary Fund has failed to get the job done. President Bill Clinton and other leaders of the industrialized nations must take over from IMF technocrats and prepare a package of aid for delivery when Mr. Clinton meets Mr. Yeltsin next month. In return, Mr. Yeltsin must provide a credible program of economic reform. Binding commitments at the top are needed to help the desperate people on Russia's streets.

The leading industrialized powers had the IMF oversee half of a \$28 billion aid package conditioned on Russia undertaking market reforms. Befitting its traditions, the IMF insisted that reform precede the release of most aid. As

a result, the IMF has provided only \$1.5 billion. This did little to nourish Russia's reformers. The fund now says it might loosen preconditions, but that will not be enough.

Mr. Clinton must round up support for a different imperative: Russia's reformers cannot win over a fearful population unless they have money before they undertake reform. Reform requires closing down unneeded factories. But in Russia, the factory may be more than a job for life. It is a source of housing, food and pensions. That is why fear of failing factories drives Russians to despair — and reaction.

So Russia's leaders are trying to keep those factories going by printing rubles instead of moving ahead with reform. But that has driven the economy to the brink of hyperinflation. It is this reckless money creation, not the barely begun reforms, that has pumped Russia's economy. Western aid would help finance a safety net for the unemployed and pensioners with hard currency, eliminating the argument for printing rubles.

In return, Mr. Yeltsin would have to pledge that a credible economic plan would follow. The West need not care how Russia reforms, except to insist that it move toward markets on a financially feasible path. That means that the budget deficit must be closed fast enough to keep inflation in check.

But, as Mr. Yeltsin's slowdown of reform shows, the pledge is politically risky since shrinking the deficit means cutting subsidies to factories. The two-way pledge is also risky for Mr. Clinton. He would commit U.S. money on little more than Mr. Yeltsin's promise. But the parliamentary elections make clear, that the risk is worth taking. No society has transformed itself without outside help. If the West forces Russia to try, the likely outcome is social turmoil and political reaction.

— THE NEW YORK TIMES.

Short of Convincing

During the 1992 presidential campaign, Bill Clinton was extremely careful about not making the claims that too many candidates have traditionally made about living perfect family lives. And well he should have been. In fact, Mr. Clinton, in his famous appearance with Hillary Clinton on "60 Minutes" in January 1992, spoke of having "acknowledged wrongdoing" and "acknowledged causing pain in my marriage." He went on to note: "I think most Americans who are watching tonight, they'll know what we're saying; they'll get it."

We suspect that most Americans did get it, which raises a question about the latest accounts of Mr. Clinton's alleged sexual exploits as governor and supposedly also as president-elect — first a report on CNN, then a rendering in the most minute not to say graphic detail in *The American Spectator*, and a lengthy, cautiously written piece in the *Los Angeles Times*.

What is new in the reports, besides the provision of some gross details claimed to be the true story of the conduct that Mr. Clinton had earlier acknowledged?

One allegation is that the president tried to talk the sources of the report — former members of his state police security detail — out of saying what they did, and that in the process he made some kind of government job offer to the men to buy their silence. The president's aides acknowledge that he made some phone calls in connection with the case, but they vehemently deny that he offered anyone a job to keep quiet, which could be a criminal offense if true.

A second allegation is that the president's relationship with Gennifer Flowers, the woman who claimed in midcampaign to have had a 12-year affair with him, was not the "very limited" relationship he claimed but in fact

extensive. A third is that, contrary to the impression that he and Mrs. Clinton sought to give on "60 Minutes" (that they had restored their marriage and that his extramarital exploits were over), he was still carrying on an affair on the eve of his inauguration. By then he would have been putting at risk his own and his party's chances of successfully governing. We hope it didn't happen.

The evidence is shaky and in dispute. The White House response has itself been cautious, lawyerly. Apart from the question of the job offer, most of the reaction has taken the form of a counterattack on the motives and tactics of the accusers.

The new "information" does indeed come in laundry form, mainly from two disgruntled state police officers who are seeking a book contract and working through an Arkansas lawyer with Republican ties named Cliff Jackson. Mr. Jackson has been running what amounts to a personal vendetta against Mr. Clinton for some time. There can be little doubt that at least in the case of *The American Spectator*, part of the satisfaction in publishing the story was political: to do damage to a president whose policies the magazine's editors despise.

Our sense when the Clintons went on "60 Minutes" was that they had pretty well disposed of the issue, both for the voters and for themselves so far as their marriage was concerned. The state troopers seek to reopen the case. But they have their own credibility problems and their own agenda, and far away the largest part of their report deals only with the period of Mr. Clinton's life that he has already said he regrets. They claim that he has since broken both the law and his word. Their case so far is suspect and short of convincing.

— THE WASHINGTON POST.

A Cabinet of Taxpayers

Of course, the White House knew it was asking the public and Congress to accept a double standard in nominating Bobby Ray Inman as secretary of defense. That is why the public was kept in the dark for four days about what President Bill Clinton has known for weeks. For seven years Mr. Inman had failed to pay Social Security taxes on his housekeeper's wages. His failure continued throughout a year in which thousands of Americans, alerted by Zoe Baird's experience, voluntarily began payments.

Ms. Baird, whose problem was complicated by the fact that she employed an illegal alien and broke a law that she would have to enforce, withdrew as the nominee for attorney general. The issue of taxes for domestic workers also helped derail the nomination of Federal Judge Kimba Wood for the attorney general's post, even though Judge Wood broke no law. But the White House thinks that it can save its male nominee from being judged as sternly as the two women.

So they have resorted to some transparent tricks. First, in the initial announcement Mr. Clinton was portrayed as almost desperately needy of a seasoned national security expert who could keep the generals in line. Moreover, by announcing the appointment last Thursday — without the full facts — the White House counted on a long weekend of stories aggrandizing Mr. Inman and under-

scoring the president's yearning for a strong hand at the Pentagon.

Then, once the country had got used to the reassuring prospect of Secretary Inman, came the disclosure that he had a small "Baird problem." But this time it is not supposed to be fatal because he told on himself early enough and hired no illegal aliens.

The entire production, with its lack of candor and cunning play of the news cycles, bears the stamp of David Gergen, a skilled perfumer of rank public relations problems. But the public should not let Mr. Clinton and Mr. Gergen keep slipping along. America is a big country full of talented people. The cabinet can and ought to be filled with that category of talented people who pay taxes. If it was right to dump Ms. Baird — and it was — how can it be right to look the other way for Mr. Inman?

The Zoe Baird affair gave Mr. Inman plenty of time to put his books in order. The White House's explanation for his delay is disingenuous. It says he did not pay his back taxes because he was waiting to see if legislation pending in Congress would relax the \$50 per quarter standard, substantially raising the threshold for taxable earnings. In other words, he was selectively ignoring the law until it changed in his favor. It may be an economical way to do business, but it is not an example of cabinet-level civic leadership.

— THE NEW YORK TIMES.

Toward Spheres of Influence, Plus International Rules

By Charles William Maynes

WASHINGTON — After a year of foreign policy setbacks, the Clinton administration is changing personalities, not its policy. That is wrong. What is needed is a redefinition of goals. Replacing Secretary of Defense Les Aspin with Bobby Ray Inman will do little to help the administration deal with a torrent of international problems.

In a period of tight budgets and declining military force levels, the administration has avoided the task of matching resources with commitments. Its one announced attempt — "management of democracy" through free market, democratic countries — seemed more an invitation to endless new responsibilities than an effort to impose limits on U.S. commitments.

There is an alternative: call it benign realism. It would build on the absence of ideological conflict among the great powers. It would capitalize on the spreading trend of democratization. And it would recognize a hard reality of international politics: Even a superpower will exhaust itself if it tries to police the globe.

Russia is destined to remain the strongest state in the former Soviet Union, just as the United States will remain the strongest country in the Western Hemisphere. Inevitably, both powers will exercise authority in their spheres of influence. What is not inevitable is that either will agree to subjecting it to an international standard of law and morality.

Past attempts to build a world order based on spheres of influence have seemed unprincipled and immoral. Richard Nixon and Henry Kissinger were denounced for appearing to support such a world system.

The world could become more comfortable with an order based on the spread of spheres of influence if several great powers were democratic or on the path to democracy, and if the dominant powers in each region agreed to exercise authority in accordance with an international process.

The logical candidates in Europe would be America, the European Union and a democratic Russia acting together through the Conference on Security and Cooperation in Europe. But for many reasons, including American opposition, Europe has not developed a coherent foreign policy and security identity.

After Russia's parliamentary elections, in which the ultranationalists and Communists made gains, many are calling for renewed Cold War measures to contain Russia. Until it is clear that Moscow's direction is not reactionary, the West must carefully calibrate its acceptance of Russia.

But until the Clinton administration outlines a vision of Europe in which a democratic Russia can enjoy a leading voice, the United States will only feed Russian paranoia: No matter what Moscow does, Russia never seems to be in Europe.

As for Asia, China and Japan and America will play the major security role. China is not democratic, but its energies will continue to focus on the problems of feeding a billion people — if the United States does not isolate China through trade sanctions.

No doubt an approach based on spheres of influence in a more democratic world would alarm those who want to see complete equality among states. But the last two decades should have taught us that any semblance of international rule of law must rest on a system that can harness the power of key states that can act.

The world ridiculed and criticized Uganda under Idi Amin, but it took an African country, Tanzania, to overthrow him. The world was appalled by Manuel Antonio Noriega's involvement with the drug trade in Panama, but only the United States could remove him. The world was horrified when Pol Pot instituted genocide in Cambodia, but only Vietnam took military action.

In none of these crises was the world willing to act, just as it has been unwilling to act in Bosnia, Nagorno-Karabakh, Georgia and Burundi.

The tragedy in Bosnia is that there is no regional power with sufficient interest and power to impose order, and that those without sufficient interest will not act.

The shortcoming of the earlier interventions cited here is that they were unilateral, and most were condemned sharply in the United Nations General Assembly. None of the intervening powers saw the need to seek international or regional sanction before or after resorting to military force. The challenge to the international community is to come up with procedures for authorizing and disciplining the tendency to intervene when national interests are involved.

The procedures could involve reform of the Security Council to make it reflect the world's real power structure, a serious effort by each great power to accommodate the security interests of the others, and a commitment to international law even if at times a great state would have to act unilaterally to protect its interests.

The Security Council must be reformed, because its composition deprives it of legitimacy in several parts of the world. Major powers such as Germany, Japan and India, with influence on international peace and security at least as great as that of some of the permanent members, have no permanent voice. Whole regions, such as Africa and Latin America, are often not represented by their larger members.

Reform of the Security Council must proceed with the goal of creating a security community, one that the major powers will strive to defend because it reflects their interests.

In selecting new permanent members (which will not have the veto), the United Nations must make sure that no state enjoys permanent membership unless it is prepared to make significant financial and security contributions to the international community. Germany and Japan should be expected to participate in nonmilitary peacekeeping operations. India, Nigeria and Brazil should expect to increase their financial contributions.

This new security community would recognize the special role of major states in their own region. During the Reagan administration, France and Mexico together attempted to challenge the United States in Central America and failed.

The West will fail if it attempts to challenge Russia in areas in its legitimate sphere of influence. India, Nigeria and South Africa will play disproportionate roles in their spheres of influence.

Because major powers are no longer divided by ideology, and because most states now try to enhance their national power through economic development rather than territorial conquest, the international community has the scope to press the large states to exercise their power in accordance with international norms. The United States, for example, probably will not be able to end the disorder in Haiti without military action. Yet a lack of clarity about America's national interests in this region paralyzes action.

A policy of benign realism would not let a band of thugs create chaos so close to American shores. Yet any military action could, from the onset, involve monitoring by the United Nations and the Organization of American States of the use of U.S. power on the island.

Ideals and proponents of strict equality among UN members would object to a world based on spheres of influence, however benign. But the truth is that if anyone is to end military rule in Haiti, it will have to be the United States. And if someone is to end the fighting between Azerbaijan and Armenians in Nagorno-Karabakh, it will be Russia.

Great powers will not always take action. The world may have to live with disorder at several points on the globe and will have to do the best it can through dialogue, mediation and humanitarian assistance.

If force is to be used, however, it will be more realistic to look to the great powers for action than to the United Nations. Even though there may occasionally be a role for multilateralism, a more common path would be for the international community to legitimize a powerful state with a national interest in acting to serve as the enforcement arm of the international community.

If there is to be a new world order, it will not be a centralized one with multilateral armies directed by the Security Council. It will be a decentralized one that rests on a more traditional balance of power made more tolerable by the advance of democracy and by the declining interest of most states in conquest.

This comment was adapted by The New York Times from an article in the winter issue of *Foreign Policy*, which Mr. Maynes edits.

At their summit, APEC leaders agreed that there was a growing sense of community which bound them. At the suggestion of South Korean President Kim Young Sam they agreed to meet again late next year in Indonesia. They would not have agreed to do so unless they had found their first encounter useful.

The fact that Indonesia will host the 1994 meeting of APEC leaders is important. Indonesia is the fourth most populous country in the world and the largest member of the Association of South East Asian Nations. It is also the current chairman of the Nonaligned Movement. The President Suharto agreed to host the next APEC summit should part to rest speculation about ASEAN's ambivalence towards APEC.

President Clinton's initiative in covering the summit in Seattle and his commitment to APEC have succeeded in dispelling fears, often heard after his election, that America might turn isolationist and retreat from active engagement with East Asia.

APEC is also the only forum in which the three giants of the Asia-Pacific — the United States, China and Japan — are members. The resumption of high-level dialogue between China and the United States which took place in Seattle has been widely welcomed in East Asia. The fact that President Clinton and Prime Minister Morihiro Hosokawa have developed a rapport is also an asset. The future peace and prosperity of the Asia-Pacific area will depend to a large extent on good relations between the United States, China and Japan.

A new economic architecture for the Asia-Pacific region was founded in Seattle. Building a Pacific Economic Community may not be an illusion after all, although it is an ambitious goal. However, such an objective should be pursued on a step-by-step basis at a pace comfortable for all of APEC's members.

The writer, a former ambassador of Singapore to the United States, is director of the Institute of Policy Studies in Singapore. He contributed this comment to the *Herald Tribune*.

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Multilateral Peacekeeping, but Not This Christmas

By Jim Hoagland

NEW YORK — Santa Claus waded onto the rocky shores of Somalia a year ago clutching an M-16 in one hand and a bag of food in the other. This Christmas he is heading home, no doubt muttering "Bah Humbug" as C-5 cargo planes airlift him and the Western troops he accompanied out of that African nation. No, Burtros Butros Ghali, there is no Santa Claus. At least not this Christmas. But keep his number handy.

After checking their list, and checking it twice, the American and European governments have decided to cross off the bold idea that the international community has a clear duty to intervene to halt politically inspired slaughter or chaos in member states of the United Nations.

Saddam Hussein's attack on the Kurds after Operation Desert Storm, the wars of ex-Yugoslavia and the brutal crushing of democratic protest in China and elsewhere created pressures for a collective response from industrial democracies to make the post-Cold War era one in which armed might could be used for right; Amnesty International with fighter-bombers. Mother Teresa riding in on a tank.

Mr. Butros Ghali, the activist UN secretary-general, embraced the duty-to-intervene concept in his Agenda for Peace, a report to the Security Council that called for giving the United Nations a standing military force of its own. George Bush acted in the same spirit by ordering U.S. Marines into Somalia last December to feed starving women and children victimized by warlords.

But fighting the warlords in Mogadishu and wrestling with the UN bureaucracy have inspired a Western retreat not only from Somalia but also from the idea of the duty to intervene. Under the Clinton administration, the United States has gone from leading the charge for new forms of peacekeeping and humanitarian intervention to making the thresholds for such action significantly higher.

When the Russians informally indicated a few months ago that they wanted a UN force for peacekeeping in Rwanda, the United States laid down tough conditions that blocked both ventures.

Worse, from Mr. Butros Ghali's standpoint, was President Bill Clinton's decision to withdraw all U.S. combat troops from Somalia by March 31, come what may. The secretary-general now frets that his best hope may be to get out of Somalia when no one is looking — much as the United Nations did in Angola a few months ago — so that the United Nations' credibility will not be damaged even more.

If he is to avoid that disillusioning outcome, he must now induce Third World nations, led by India and Pakistan, to replace the Western troops who have wearied of fighting Mohammed Farrah Aidid, the Somali warlord who affected U.S. foreign policy more dramatically than the entire State Department in 1993.

France, Italy and Germany are following the lead of the United States and withdrawing their peacekeeping troops. Lacking the incentives and ruthless means available to their colonial ancestors, the Europeans are tossing the Somali hot potato back to Mr. Butros Ghali and leaving it up to him to find replacement troops.

The Europeans thus acknowledge a modern military fact of life. Without U.S. leadership, they lack the infrastructure and the political credibility with their own populations to stay involved in distant interventions.

Nor is the United Nations staffed or politically ready to cope with the demands of an interventionist philosophy, a senior U.S. official argues in explaining the U.S. retreat from multilateralism. There must be the UN reform if the kind of military action foreshadowed in Agenda for Peace is ever to be undertaken, the official added.

Mr. Butros Ghali would not disagree. He is the one who suffers from having only a dozen officials working on peacekeeping in his headquarters. He gets awakened at 5 A.M. by phone calls from prime ministers checking on what is happening to their troops in Bosnia.

But the secretary-general also believes that neither the United States nor the world wants to see American military might used abroad unilaterally in the nasty little crises of the post-Cold War era. He is putting many ambitious immediate goals in his Agenda for Peace on hold, in hopes that the United States will return to a more positive view of building up UN peacekeeping and peace enforcement for the long run.

The star-struck Somali adventure has dampened the Clintonian enthusiasm for multilateralism. But on some Christmas future, the combination of bottom-line realities created by shrinking U.S. defense budgets and of foreign challenges will bring a new search for an effective alternative to extensive U.S. intervention abroad. Only U.S. leadership and support can make UN peacekeeping a serious candidate to fill that need.

The Washington Post.

Watch Asia-Pacific Collaboration Become Reality

By Tommy Koh

SINGAPORE — Perception can be more important than reality. Negative reporting on the historic meeting in Seattle last month involving officials, ministers and leaders of the 15 members of the Asia-Pacific Economic Cooperation forum has tended to downgrade the significance of the event.

Some journalists described the informal summit as a mere photo opportunity for President Bill Clinton, the host. A number of European reporters were dismissive on the grounds that APEC members lack political unity and are too diverse to become a cohesive force in global affairs.

The development of the group in 1994 and beyond is likely to prove these critics wrong. The 15 economies represented in Seattle — Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and the United States — account for 50 per cent of the world's GNP and 40 per cent of its trade. They also include the most dynamic economies

Trade between the eastern and western rims of the Pacific Ocean has been increasing exponentially. Today the annual value of U.S. trade with East Asia is \$345 billion, whereas U.S. trade with Europe is \$227 billion. East Asia is America's largest export market and vice versa. At the rate at which East Asia is growing, U.S. trade with the region will be double that of its trade with Europe by the end of the decade.

The Seattle meeting was the message. In spite of their diversity, leaders of the 15 economies were able to come together and find common ground. They agreed to work for a united Asia-Pacific, based on free trade and against protectionism. They issued a joint statement reaffirming their strong commitment to conclude the Uruguay Round of global trade negotiations by mid-December.

This had a salutary impact on the European Community. The warning to Europe was clear. If it had given in to protectionist lobbies and scuttled

the Uruguay Round, the Asia-Pacific economies would have an alternative to fall back on. APEC remains a foil to protectionism.

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For Germany, Geopolitics Is European

By William Pfaff

HEIDELBERG, Germany — It is the Germans themselves who have the most intractable "German problem." They ask whether Germany's past permanent has disqualified it from conducting a foreign policy. As Germany does conduct a foreign policy, this might seem a frivolous debate, but it is not. The underlying issue is a permanent one: that of German national identity and national purpose.

During the past year this continuing debate has taken the form of an argument over the principle of German participation in United Nations peacekeeping and potential NATO "out of area" missions. This has gone on despite the fact that Germany took a leading part in persuading the European Community to recognize the republics established from the breakup of Yugoslavia.

Recognition may or may not have been prudent, but it was certainly an act of foreign policy. The subsequent debate implicitly concerns responsibility for the consequences.

The Germans also ask whether they can make use of the concept of "geopolitics" in considering their national situation. The idea of geopolitics seems contaminated by its employment and influence during the period of German unification in the 19th century and the years afterward, when it contributed to the intellectual rationalization of the Austro-Prussian and Franco-Prussian wars, and the two world wars.

Geopolitics says that the geographical situation of a nation essentially determines its foreign policy, or at least its foreign policy interests. As geography is unchanging, it would seem to follow that a nation's policy is predetermined. That scarcely is what Germans want to be told today.

However, one can define the geopolitical idea in a different way: that geography dictates certain national interests, but that these also are influenced and altered by history and political development.

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OPINION

Deming's Message for America Is Clear

By Hobart Rowen

WASHINGTON — On a reporting assignment to Japan some 20 years ago, I learned from a Japanese engineer one of the secrets of that country's amazing success in penetrating Western markets. We Japanese achieve quality, he said, not by an inspection system that spots the defects on an assembly line, but by a concerted effort to "get it right the first time."

That lesson was taught the receptive Japanese in 1950 by a then little-known American business management expert, W. Edwards Deming, who died this week in Washington at age 93. Until 10

poor quality products resulted mostly from their own failures, not from worker ineptness.

"Anything made in America [in the 1920s] was top quality," Mr. Deming told a respectful audience in Congress two years ago, when he had reached his 91st birthday, as active and sharp-minded as ever.

"Anywhere in the world, if you knew the shopkeeper, he might reach under the counter, and get an American product for you," he said. In that era, America mass-produced and sold 50 percent or

their engineers for an eight-day seminar — they came themselves.

The Japanese were also greatly influenced by another American management expert, Joseph M. Juran, who went to Japan in 1954. In a recent Harvard Business Review article, Mr. Juran says that Japan would have achieved world quality leadership without his and Mr. Deming's advice. Still, he added: "We did provide them a jump start, without which... the job might have taken longer, but they would still be ahead of the United States in the quality revolution."

In June 1951, less than a year after Mr. Deming's first lecture on the basics of quality control, Japan instituted the Deming Prize for outstanding industrial achievement. It then took 30 years, until 1981, before an equivalent American incentive, named for the late Secretary of Commerce Malcolm Baldrige, was established to encourage higher American quality.

In the same year, Ford hired Mr. Deming in an attempt to stem the flow of huge financial losses. Ford soon adopted its now well-known slogan, "Quality is Job One," and not only has moved back into profitability, but has taken the industry lead away from General Motors.

Yet, the full meaning of Mr. Deming's wisdom has not been absorbed in America. It is delusional to blame America's trade deficits

with Japan or any other country mostly on their "unfair" trade practices. To be sure, the Japanese have at times been protectionist, and have blocked entry of foreign goods while protecting their own industries. But their success has been linked to product quality.

U.S. manufacturers have been their own worst enemies. President Bill Clinton effectively made this point in his basic trade policy speech at American University early this year. Mr. Deming believed, and he was right, that American managers must take the basic responsibility for control of quality and for boosting productivity.

Lots of progress has been made in recent years, but not enough. Protectionist sentiment is far from dead, as we learned during the bitter political battles over NAFTA and GATT. In the case of NAFTA, it was organized labor that looked for protection against competition; in the GATT round, some sectors of the business community feared to test the quality of their products against all comers.

Mr. Deming was not an optimist about America's future: He believed that most American managers are too stubborn to make the necessary changes. "Who do you think will be ahead five years from now?" he asked at that 1991 meeting in the Hill. "Knowledge crosses borders without visas, and there is no substitute for knowledge."

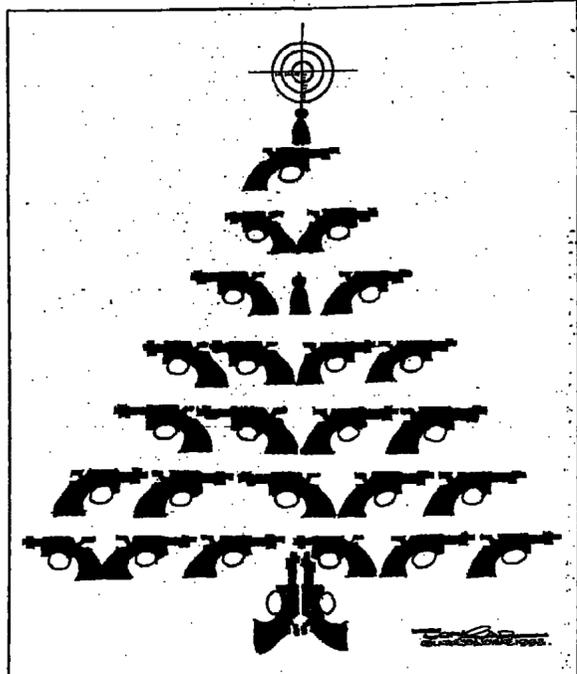
The Washington Post

Of Feasts Past And the Tastes Of Perfection

By John Mariani

TUCKAHOE, New York — Maybe it didn't snow for Christmas every year in the Bronx back in the '50s. But my memory of at least one perfect snowed-out Christmas Eve makes me think it did so often enough that I still picture my neighborhood being as white as Finland when I lived south of Pelham Bay along the choppy waters of Long Island Sound.

It was an enclave of first- and second-generation Italian, Irish, German, Polish and Scandinavian families for whom sumptuous Christmas



MEANWHILE

feasts helped maintain their link to the Old Country long after most other immigrant traditions had faded away. Food was central to everyone's thoughts at Christmas, and the best cooks in each family were renowned for specific dishes no one else dared make. The assumption that everything would be exactly the same as last year was as comforting as knowing that Christmas Day would follow Christmas Eve.

The finest ancestral feasts were brewed and smoked into place, dishes of hard candy were set out on every table, and ovens hissed and warmed our homes for days. The reappearance of the old dishes, the irresistible aromas, tastes and textures, even the seating of family members in the same spot at the table year after year anchored us at a time and place that was changing more rapidly than we could understand.

It's funny now to think that my memories of food and dinners are so much more intense than those of toys and games I received, but that seems true of most people. The taste of Christmas cookies, the sound of beef roasting in its pan and the smell of evergreen mixed with the scent of cinnamon and cloves and lemon in hot cider were like holy incense in church, unforgettable.

No one in our neighborhood was poor, but no one was rich either. Yet we mounted feasts as lavish as any I could imagine in a book.

It was still a time when the vegetable man would sell produce from an old truck on Campbell Drive, and Dugan's and Krug's bread man came right to our door with special holiday cupcakes and cookies. The butcher on Middle-town Road usually carried fresh fish only on Fridays, but he was always well stocked with cod, salmon, lobsters and eel during the holidays. The pastry shops worked overtime to bake special Christmas breads and cakes.

By Christmas Eve the stores ran out of everything, and pity the poor cook who delayed in buying her chestnuts, ricotta cheese or fresh yeast until it was too late. Weeks in advance, the women would put in their order at the live poultry market for a female rabbit — not a male — or a goose that had to weigh 12 pounds.

You always knew what people were cooking for Christmas because the aromas hung in the hallways of the garden apartments and the roasters of their homes — garlicky tomato sauces, roast turkeys, rich shellfish stews and the sweet, warm smells of pastries and breads could make you dizzy with hunger. When you went out into the cold, those aromas would slip out the door

and mingle with the biting, sea-salted air and the fresh wet snow sweeping in off the Sound.

At Italian homes in the Bronx, ancient culinary rituals were followed long after they'd lost their original religious symbolism. The traditional meatless meal of Christmas Eve, La Vigilia, which began centuries ago as a form of penitential purification, developed into a robust mix of exotic seafood dishes.

According to the traditions of Abruzzi, where my father's family came from, the Christmas Eve dinner should be composed of seven or nine dishes — mystical numbers commemorating the seven sacraments and the Holy Trinity multiplied by three. This was always my Auntie Rose's shining moment. She would cook with the zeal and energy of a dozen nuns, beginning with little morsels of crispy fried calamari. She made spaghetti on a stringed utensil called a ghitarra and served it with a sauce teeming with shellfish. Next came an enormous pot of lobster fra diavolo — a powerful coalescence of tomato, garlic, onion, saffron and hot red peppers spooned into soup plates around shiny, scarlet red lobsters that some guests attacked with daunting gusto while others took their dainty time extracting every morsel of meat from the deepest recesses of the body, claws and legs.

Few children would eat baccala, a salted cod cooked for hours in order to restore its leathery flesh to edibility. Stewed eel, an age-old symbol of renewal, was another delicacy favored mostly by the old-timers. But everyone waited for the dessert — the yeasty, egg bread called panettone,

shaped like a church dome and riddled with golden raisins and candied fruit.

Christmas Day came too early for everyone but the children, but as soon as presents were exchanged, my mother and grandmother would begin work on the afternoon's lavish Christmas dinner. It was always a mix of Italian dishes and American novelties, like the rich, bourbon-laced eggnog my father insisted on serving before my grandmother's lasagne, in which were hidden dozens of meatballs the size of hazelnuts.

Then my mother would set down a massive roast beef, brown and crackling on the outside, red as a poinsettia within, surrounded by sizzling roast potatoes and Yorkshire pudding glistening with fat absorbed from the beef. Dessert reverted to venerable Italian tradition with my grandmother's prune-and-chocolate filled pastries and honey cookies called struffoli.

By early evening people got ready to leave and leftovers were packed up to take home, belying everyone's protest that they wouldn't eat for days afterwards. By then the snow had taken on an icy veneer and the wind had died down. I remember how the cold air magnified sounds from far away, so as I crept into bed I could hear waves lapping the sea wall and the rattling clack-clack of the EI. It was a kind of lullaby in those days, when it never failed to snow on Christmas in the Bronx.

John Mariani, the food writer for Esquire magazine, is author of the forthcoming "Dictionary of American Food and Drink." He contributed this comment to The New York Times.

W. Edwards Deming believed American managers must take responsibility for control of quality.

days before his death, Mr. Deming was still conducting management seminars for American companies, belatedly eager for his advice.

Corporate America, after World War II, told Mr. Deming to get lost — and he did, in Japan.

He advised the Japanese, who sought him out, not to copy the American-style inspection system, but to incorporate quality control principles into the manufacturing process. He was first in the vanguard of American production experts whose advice had been rejected by American managers, because they bluntly told businessmen that

more of the manufactured goods entering global markets.

But then U.S. industry got lazy, rested on its laurels. It rejected the notion that industry should pay attention to what consumers wanted to buy, that consumers would foot the bill for high-quality products. U.S. executives scoffed at the foolish idea that any other country, especially Japan, which had a post-World War II record of producing shoddy goods, could compete.

Japanese companies, however, were all ears. When Mr. Deming first arrived in Tokyo, the top men in the companies did not send just

tracy.hart@paris.fr

LETTERS TO THE EDITOR

The Poison of Unemployment

Regarding "Economist Taking His Roots to an Exponential Power" (Up and Coming, Dec. 13):

Lawrence Mallin reports that when Treasury Undersecretary Lawrence Summers was an economic adviser to Michael Dukakis, the Democratic presidential candidate in 1988, he "never faltered in prescribing the economics profession's preferred nostrum of deficit reduction and higher taxes." But the list of nostrums is incomplete.

When Mr. Dukakis was promising to "create good jobs at good wages for every citizen" and George Bush was pledging to create "30 million jobs in eight years," Mr. Summers pointed out that unemployment rates had to remain at around 6 percent in order to control inflation by discouraging workers from asking for higher wages. That is just as much a "preferred nostrum" of the economics profession as any other.

Such jobless rates are unusually high in historical experience. And because they cannot be spread evenly across the labor force, they create huge pockets of deep poverty and social unrest. It remains puzzling why policymakers and media commentators heap praise upon a profession that extols the virtues of high unemployment but then blames the jobless for not working.

FREDERICK C. THAYER
Bury St. Edmunds, England

don't need to be re-elected." IBM must be a wonderful place to work.

The Tyranny Is Alive and Well

Regarding the opinion column "Retire 'Politically Correct'" (Dec. 7) by Brent Staples:

As a recent graduate of Tufts University, I know full well that the tyranny of political correctness is not at all "imagined." News reports of what is happening in the ivory tower — speech codes, offensiveness ratings, kangaroo court trials, absurd revisionism, and witch-hunt-like aggression toward conservatives — were true. The classroom atmosphere was such that a student simply could not openly question the premises of political correctness without putting one's grade or reputation in jeopardy. I still am angry when I think how intrusive and intellectually stifling the atmosphere was on campus.

JONATHAN A. KAYE
Singapore

Further to the articles you have published on the vexed question of linguistic political correctness (I would prefer the term "social inoffensiveness"), please allow me to recount a brief anecdote that illustrates how difficult it can be to set limits in this matter.

While in the Netherlands recently, my wife and I invited the couple with whom we were staying to a restaurant. We paid the bill, as we had previously insisted we would, although over our friends' protests. Two days later, just before boarding out train for Paris, we were handed an envelope, obviously containing a few coins which, according to our friends, were small French change they wanted to get rid of. I tried to reciprocate by giving them our remaining small change in Dutch currency, but they

wouldn't have it, saying the amount was too small to bother with.

Imagine our dismay therefore on later discovering that in addition to a few coins the envelope contained enough French bank notes to cover more than half the restaurant bill! How could anyone find anything offensive in my language if I described this as a Dutch treat?

GRAHAM PADGETT
Gérardmer, France

Make Room for the Students

A Dec. 9 "Away From Politics" item says that America spends more on education than other nations but employs fewer teachers than "support staff." While various categories of these supernumeraries are listed, omitted is the most important, pernicious and expensive group of all: the administrators.

SAM ABRAMS
London

Biblical Birth Control

Those who worship the fetus make a mockery of the teachings of Jesus. In the Parable of the Sower, Jesus said: "Behold there went out a sower to sow; and it came to pass, as he sowed, some seed fell by the wayside. And the fowls of the air came and devoured it up. And some fell on stony ground, where it had not much earth... and some fell among thorns. And other fell on good ground, and did yield fruit." Jesus added, "Who hath ears to hear, let him hear."

This is Nature's way. Jesus accepted the fact that some viable seed is lost. Mankind's overbreeding will cause the death of earth life. If we can't feed 5 billion people today, how do we feed 10 billion people in 30 years?

FRANCES TYSON
Las Vegas

OUTRAGEOUS BETRAYAL: The Dark Journey of Werner Erhard From est to Exile

By Steven Pressman, 289 pages, \$22.95. St. Martin's Press.

Reviewed by Paul Boyer

REMEMBER est? In the 1970s, Werner Erhard won fame and notoriety as the founder of Erhard Seminars Training Inc. (est), which promised a new life for \$250. Eventually the ante rose to \$475. Thousands responded as est leaders offered "seminars" across America.

"Outrageous Betrayal" tells the story of "Erhard" — a Philadelphia used-car salesman named Jack Rosenberg, who abandoned a wife and four children in 1969 and moved to St. Louis with one June Brode (her real name, apparently, though with Erhard one can never be sure). Reading an Esquire article on Germany, he came across references to the physicist Werner Heisenberg and the politician Ludwig Erhard, and melded them into a new name and a new identity. Brode went along with the charade, becoming "Ellen Erhard." After another stint selling used cars, Erhard pushed on west in a Buick Wildcat, from his employer. In San Francisco, he turned to door-to-door book promotion, managing a sales force that he ener-

BOOKS

WHAT THEY'RE READING

David Susman, who recently retired from the board of directors of Marks and Spencer, is reading all the *Dark Francis* adventures he never had time to read before.

"While I was working fulltime, I never managed to get through all the books I had hoped to. I am also rereading some delightful 19th-century classics like 'Nicholas Nickleby' by Charles Dickens and 'Pride and Prejudice' by Jane Austen." (Michael Kallenbach, IHT)



gued with rousing motivational speeches and group singing. Meanwhile, he fathered four more children by June Ellen while seducing many other women drawn by his charm and dazzling smile.

Sensing the commercial possibilities of the "human potential" movement pioneered by Michael Murphy of the Esalen Institute and others, Erhard first peddled a program called Mind Dynamics and then in 1971 launched est. The message was a mishmash borrowed from earlier motivator-like Napoleon Hill and Dale Carnegie, a large dose of L. Ron Hubbard's Scientology, blended with Erhard's own Delphic exhortations. Converts included entertainment celebrities such as John Denver, Valerie Harper and Raquel Welch, and corporate figures such as Bill Millard, founder of the ComputerLand chain. Est graduates iden-

tified "Werner" as "the Source" of life-transforming insights.

The empire unraveled in the 1980s amid a nasty divorce battle, bitter disputes in est's inner circles, and charges of wife abuse and incest-rape. As est graduates who experienced psychotic episodes filed lawsuits, the government pursued Erhard and his lawyer, Harry Margolis, for tax fraud. By the early 1990s, with the Source in exile in Mexico — or was it Switzerland? — lieutenants carried on under a new name, the Forum.

Steven Pressman, a legal journalist, nicely recounts the bizarre tale, partly known already from muck-raking magazine articles and a 1991 "60 Minutes" expose. Particularly good on Erhard's Byzantine financial and legal affairs, he also conveys Erhard's callous egomaniac and the nastiness of the est seminars, where

"body catchers" and "barf bags" were available for people who fainted or vomited under the trainers' brutal, foul-mouthed harangues. The strategy was to destroy participants' sense of self-worth through techniques of deprivation and boot-camp intimidation and then encourage them to construct a new "self" free of the guilt and errors of the past. To demonstrate their transformation, "graduates" were pressured to recruit friends and associates for future est sessions.

Even in a field not noted for clarity of language, est-speak was exceptionally laden and jargon-clogged. Erhard offered banalities and the toughist tactics of the schoolyard bully as a path to personal renewal, and a million Americans ultimately responded, generating \$430 million in revenue — eloquent testimony to the longing for meaning and authority in contemporary society.

Pressman tells his fascinating story well. Yet ironically since he rightly criticizes est's "cult of amnesia" — he offers only the sketchiest historical context. Est flourished in a specific cultural-political milieu (post-'60s, pre-Reagan), but it also had deep roots in the national experience. Erhard's brutally individualistic message was warmed-over social Darwinism as espoused by William Graham Sumner in the 1880s — and again by Ronald Reagan in the 1980s.

And est's premise that one can simply walk away from the past and reinvent oneself by an act of will tapped into the oldest American myth. It is the theme of Herman Melville's "The Confidence Man," whose chameleon-like protagonist assumes endlessly changing identities. Alexis de Tocqueville in "Democracy in America" described Americans' love of moving on and starting over. In "The Great Gatsby," F. Scott Fitzgerald evoked the seductive lure of new beginnings, from the Dutch sailors who first encountered the "fresh green breast" of a New World to the novel's self-created, high-living hero — poverty-stricken Jimmy Gatz of North Dakota.

Bizarre as his saga may seem, "Werner Erhard" remains an authentic American whose story has more to tell us about ourselves and our culture than we may wish to know.

Paul Boyer, professor of history at the University of Wisconsin, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

LADING into the two final sessions of the Open Board-a-Match Team Championship at the American Contract Bridge League's Fall Nationals in Seattle, in November, were four players well known to fame: Paul Schoeny of Mill Creek, Washington, Bob Goldman and Mike Powell of Dallas, and Mark Lee of Canyon, Texas. Their score was 35 boards-out of a possible 52.

Leading in the Board-a-Match Women's Teams, with 37 boards, were Juanita Chambers of Schenectady, New York, Margie Gwosdzinsky of Manhattan, Gerianne Klafier of Allentown, Pennsylvania, Shawa Wornack of Irvine, California, and Jan Cohen of Los Angeles.

Brad Moss, 22, and Ravindra

Murthy, 27, won the Life Master Open Pairs on Nov. 21. On the diagrammed deal they reached four hearts, and two top clubs were led. Murthy, South, ruffed and looked for overtrick, a subtle match-point game. He drew three rounds of trumps ending in dummy, and worked out that West was probably short in diamonds. He was known to have begun with three hearts and club length, and might have made a take-out double instead of an overcall if he had been short in spades with some diamond length.

South therefore led the diamond ten for a winning finesse, and then finesse-d again. The diamond king was cashed, and the spade queen was led for a finesse. This gave him 12 tricks, and almost all the match points. If East had covered the diamond ten, South would have won,

taken the spade finesse, and eventually finesse-d the diamond seven for the same result.

NORTH
♠ A B
♥ K Q 9 8
♦ A 10 8 6 5
♣ J 9

WEST
♠ K 10 7 3
♥ 10 5 2
♦ A K Q 4 2
♣ A K Q 6 2

EAST
♠ 5 2
♥ 7 4
♦ Q 9 5 4
♣ 10 9 8 7 6 5 4 3

SOUTH (D)
♠ Q J 8 6 4
♥ A 1 8 3
♦ K 1 7

Both sides were vulnerable. The bidding:
South: 1S 2C North: 4H East: Pass
1S 2C Dbl Pass
2H Pass 4H Pass
Pass Pass

West led the club king.

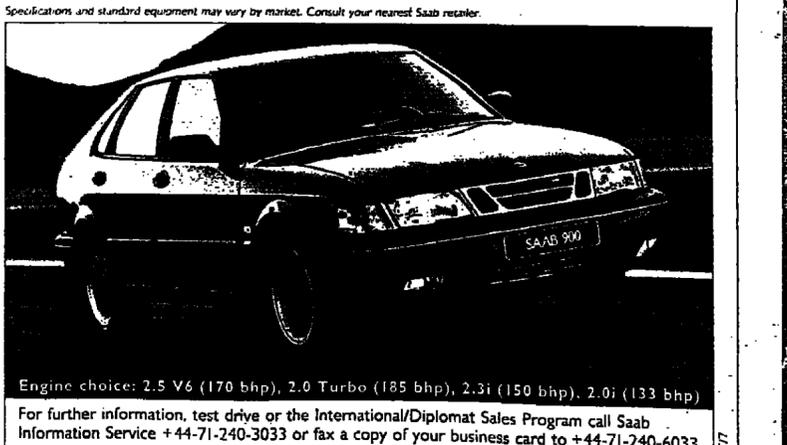
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Clinton on Allegation: 'We Did Not Do Anything Wrong'

WASHINGTON — President Bill Clinton denounced allegations Wednesday that he used his security detail while governor of Arkansas to help arrange extramarital affairs. "They're outrageous and they're not so," he said of the accusations.

"We have not done anything wrong," the president told The Associated Press. It was his first public comment on charges by two Arkansas state troopers that they had helped Mr. Clinton meet women, booked hotel rooms for liaisons and soaked a woman into the governor's mansion after he was elected president.

He denied that he tried to buy the silence of one trooper by offering him a job before the allegations became public. "The allegations on abuse of the state or the federal positions I have — it's not true," Mr. Clinton said.

"That absolutely did not happen," Mr. Clinton said firmly.

Questions about the troopers' allegations dominated three separate interviews Mr. Clinton conducted as year-end assessments with reporters from news agencies, radio networks and the Arkansas news media. "It's a painful thing, especially at holiday time," the

president said. At times, he seemed uncomfortable talking about the charges.

In his interview with AP Broadcast and other radio networks, the president was asked directly, by Peter Maer of Mutual-NBC Radio, "So none of this ever happened?"

"I have nothing else to say," Mr. Clinton said. Groping for words from his chair in the Cabinet Room, he hesitated and then continued: "We... we did, if, the, the, I, I, the stories are just as they have been said. They're outrageous and they're not so."

In Little Rock, the troopers, Roger Perry and Larry Patterson, also met with reporters, and they stood by their charges. "I'm telling the truth," Mr. Patterson said. "I've told the complete truth. I have no reason to lie." He said he was willing to take a lie detector test "or any other test you can come up with," although his attorney said otherwise.

Mr. Perry said, "I'm scared to death. I've never felt so alone in my life." He said he decided to come forward because "I sat and watched him being packaged, groomed and polished for this job."

"I thought the American people ought to know this man," he said.

On another matter, Mr. Clinton said he would cooperate with federal investigators if they wanted to

review a personal file on his investments in an Arkansas real estate deal and the deal's ties to Madison Guaranty Savings and Loan. Federal investigators and congressional officials are looking into the costly collapse of the S&L and the owner's personal and financial ties to Mr. Clinton.

The file was removed from the office of the White House counsel, Vincent W. Foster Jr., after his suicide and given to the Clintons' personal attorney.

Mr. Clinton said he did not know what was in the file and that no one had asked to see the documents. "But if anyone wants, thinks that we have some relevant information, then obviously we'll do what we can to cooperate," he said. Officials said Justice Department investigators were interested in reviewing the file but declined to say whether it has been subpoenaed.

Mr. Clinton refused to discuss the sexual charges in any detail, saying he did not want to go beyond a statement issued earlier by his adviser, Bruce Lindsey, which called the allegations "ridiculous."

Declining to respond specifically Wednesday, Mr. Clinton said, "We put out a very strong statement about it and I don't really have anything to add to what has been said in our written statement or what Hillary said yesterday."

Asked if he had enemies in Little Rock who were trying to destroy him, the president chuckled and said: "I don't have anything to say to add to what's been said. I think what I should do is keep working, doing the best I can at my job. I just — I have nothing to add to what's been said."

Asked why he didn't deny all the allegations in "simple, clear language," the president said, "I think we have cleared it up. ... I just think it is not appropriate in a situation like this for me to do much more than I am doing. What I need to do is just keep working at my job and keep going on. Apparently in the world we live in things like this happen."

Palestinians Murder 2 Orthodox Israelis, Ending a 10-Day Lull

By Clyde Haberman
New York Times Service

JERUSALEM — Two Israeli men were killed in the West Bank by Palestinian gunmen Wednesday in a shooting that ended a 10-day lull in attacks by opponents of the peace talks between Israel and the Palestine Liberation Organization.

The killings reignited rightist protests against the Israeli government and led to demands from opposition parties that it break off negotiations with the PLO in Paris.

Some cabinet members accused the opposition of exploiting the deaths for political purposes, and insisted that the talks would go on.

The two Israelis, Meir Mendelovich and Elyahu Levine, both rigorously Orthodox men in their 20s, were said to have been driving home to Bnei Brak, on the outskirts of Tel Aviv, when they were overtaken by a car of Palestinians who fired at them. They had reportedly visited the West Bank settlement of Ofra, north of Ramallah, and were fired on as they drove through Beitunia, an Arab village a few kilometers away.

Two Palestinian groups claimed responsibility for the attack — the Democratic Front for the Liberation of Palestine, based in Syria, and the Islamic Resistance Movement, or Hamas. Israeli officials said they presumed that it was a Hamas assault, a suspicion reinforced by a telephone call to a foreign news agency saying it was in retaliation for the killing of a Hamas armed commander by Israeli soldiers last month.

As an extra flip, the attackers abandoned their car near the Ramallah house of Hassan Ashrawi, who resigned recently as PLO spokeswoman. In the car, Israeli spokesmen reported, were leaflets saying that Yasser Arafat, the PLO chairman, and "the other traitors must be part of the armed fight against Israel."

The attack Wednesday was the first on Israelis since a bus driver was shot and wounded near the West Bank town of Hebron 10 days earlier. The lull had followed a two-week period of eye-for-an-eye violence by militants on both sides, eroding public support for the Israeli-PLO agreement on introducing Palestinian self-rule to the occupied West Bank and Gaza Strip.

Rightist unhappiness with the accord was deepened this week when Prime Minister Yitzhak Rabin told a parliamentary committee that the Israeli Army would not be allowed to chase suspected killers who fled into the first two areas where Palestinian self-rule is supposed to begin: the Gaza Strip and the West Bank town of Jericho. That would be the job of the Palestinian police force that is being created, Mr. Rabin said in remarks that were denounced by the opposition as an abandonment of Israel's fight against terrorism.

Some Signs of Progress Reported in Bosnia Talks

By Richard W. Stevenson
New York Times Service

BRUSSELS — Talks on ending the conflict in Bosnia-Herzegovina showed signs Wednesday of tentative progress on several key issues. European diplomats said, but the three warring parties remained far apart on others with few indications that their differences can be bridged soon.

Participants said the talks had made particular headway on the issue of guaranteeing the Bosnian Muslims access to a sea port. And all sides reiterated their commitments to a truce over Christmas

that would halt the shelling of Sarajevo and allow convoys of humanitarian aid unimpeded access to besieged areas.

"We have the beginnings of consensus on some points," Willy Claes, Belgium's foreign minister, said after chairing a day of meetings here among the three factions from the former Yugoslavia, and the foreign ministers of the 12 European Community nations. "We have to wait for the next few days or maybe weeks to see what the results are."

Mr. Claes said the three parties would continue negotiating here on

Thursday with Lord Owen, the European Community's envoy to the talks, and Thorvald Stoltenberg, the United Nations mediator.

The session Wednesday followed one on Tuesday in which the Serbs and Croats acceded to a demand by the predominantly Muslim Bosnian government that any carve-up of the country place a third of the territory in Bosnian hands.

But Bosnia's prime minister, Haris Silajdzic, said Wednesday that it was no longer the amount of land in dispute, but which specific territories would be returned to Bosnia. The proposal from the

Serbs and the Croats, he said, failed to meet his nation's demand for the return of land from which Muslims have been driven under the Serbian practice of "ethnic cleansing." Nearly 70 percent of Bosnia is now in the hands of the Serbs.

Mr. Silajdzic said Bosnia was specifically demanding the return of lands around towns including Bihać in western Bosnia and Visegrad in eastern Bosnia. Without those areas under its control, he said, the postwar Bosnia would not be "viable."

Asked whether he saw any signs of progress here towards an overall

solution, Mr. Silajdzic replied, "I must say I don't see any."

European Community diplomats, having said they would apply maximum pressure on the factions during Wednesday's meeting to come to a speedy deal, put a more positive spin on the outcome.

Mr. Claes said there was a willingness on the part of the Serbs and Croats to discuss granting the Bosnian demand for access to the Sava River. All sides also agreed to consider having the city of Mostar administered temporarily by the European Community as part of a settlement.

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Milosevic May Need a Coalition to Stay in Power

By John Pomfret
Washington Post Service

BELGRADE — With a substantial jump in the seats his party controls in parliament, Slobodan Milosevic, the president of Serbia, has proved again that he is one of the most resilient former Communist leaders in Eastern Europe.

But his apparent failure to win a parliamentary majority in voting last Sunday will, for the first time, force him to work with opposition parties not under his direct control.

Vica Dacic, spokesman for Mr. Milosevic's Socialist Party, said Wednesday that the group would talk with other parties about forming a new government, but he declined to specify which ones.

Such a concession to pluralism is significant, analysts said. Since its first multiparty elections in 1990,

Serbia has essentially functioned as a one-party state with Mr. Milosevic's Socialist Party of Serbia firmly in control, backed by state-run television and the biggest police force in Europe. Any cracks in this edifice, diplomats said, would constitute a victory for democracy even if opposition parties at this stage are as nationalistic as the president about Serbia's role in the Bosnian war.

"First, they need to introduce debate into the political equation," a Western diplomat said. "Once they do that people will naturally begin to question nationalism."

In addition, the necessity of day-to-day cooperation with the opposition could further the cause for

peace in Bosnia and Croatia, where Serbian forces maintained by Mr. Milosevic have waged two wars and grabbed huge chunks of territory. By including political foes in decisions, the president will be able to blame them if the results fall short of the Serbian dream that all Serbs in what used to be Yugoslavia will live in one state.

"The important thing to realize is that Milosevic is not a nationalist because he believes in it, he is a nationalist because it has given him power," said Srdjan Bogosavljevic, the former director of the Federal Institute of Statistics. "He will drop nationalism if that means he'll stay in power longer but to do that he needs someone to blame which is where the opposition comes in."

The main question now, diplo-

mats say, is whether Bosnia's Muslims will view the election results as a setback for Mr. Milosevic and seek to prolong the war to pressure him further before they agree to Bosnia's partition. Serbia is currently tottering under the weight of international sanctions, imposed by the United Nations in 1992 for Mr. Milosevic's support of Serbian aggression in Bosnia and Croatia.

With 98.5 percent of the ballots counted, the central electoral commission announced Wednesday that of the parliament's 250 seats, Mr. Milosevic's party would win 123, up from its 101 seats. A party of Albanians that backs the president has two seats. Four opposition parties that ran on an anti-Milosevic plank were expected to win 120 seats. A party representing Hungarians from the Serbian province

of Vojvodina won the remaining five. The commission ordered a recount in 50 of the republic's 9,957 polling stations, which accounts for only 0.5 percent of the vote.

Vuk Draskovic, leader of the opposition Serbian Renewal Movement, called the tally a "great victory," pointing out that 21 of the Socialist seats came from Kosovo, where more than a million Albanians, who want to secede from Serbia, boycotted the vote.

"Milosevic in the long term has got some problems," said Nenad Stefanovic, a political commentator. "Now he's got to work with the opposition but this is a man who still believes in the one-party state, a man who thinks of a multiparty system as the source of all evil."

Mr. Stefanovic said he did not believe the opposition would be able to put aside the quarrels that kept it from uniting during the campaign and form a government, especially because one of the leading parties is led by Vojislav Seselj, a former Milosevic ally.

"Political instability is what we have to look forward to," Mr. Stefanovic said.

Mr. Milosevic's party, for example, will be able to block the passage of an opposition-backed law challenging his control of TV Serbia, a move considered critical for democracy in Serbia.

BOSNIA: Bleak Forecast

Continued from Page 1

represent intelligence views. Mr. Kanin's remarks were no exception.

Mr. Kanin's view is also contained in the written intelligence estimate, which sees Croatia absorbing parts of Bosnia-Herzegovina and recovering some of Krajina, the area in Croatia seized by Serbs in 1991. It sees Serbia acquiring parts of Bosnia now held by Bosnian Serbs and part of Krajina. In addition, it says that Albania might ultimately gain Kosovo and even areas of Western Macedonia inhabited by ethnic Albanians.

The intelligence estimate appears to have prompted no reconsideration of U.S. policy on Bosnia. "There is no debate on these issues," said a top-ranking State Department official who has read the CIA assessment and who is involved in policy-making on the former Yugoslavia. "Sanctions are not a major policy issue. We don't question the boundaries of Kosovo. We are not in the business of re-drawing borders."

The new assessment is not the first time the CIA has confronted a gulf between its assessment of the Yugoslav situation and the attitude of government policymakers. In November 1990, the agency completed an analysis predicting — accurately — that the Yugoslav federation would collapse as early as the summer of 1991 and that civil war could ensue. But Bush administration policymakers chose not to act upon this assessment.

Yugoslavia began to fall apart in June 1991 when Slovenia and Croatia seceded, and fighting broke out immediately.

In its assessment, the CIA says the sanctions are likely to deteriorate because Serbia's neighbors are no longer willing to bear the economic sacrifices entailed in enforcing severe restrictions on Danube River traffic and the closure of vital rail and road connections.

But administration policymakers remain uniformly in favor of maintaining and even tightening sanctions, according to officials involved in the policy process.

Israel and PLO Close In On Checkpoints Accord

Compiled by Our Staff From Dispatches

PARIS — Israeli and Palestinian leaders met Wednesday for secret talks on border checkpoints amid reports that the two sides were close to an agreement on sharing responsibility for the crossings.

A compromise would clear a significant obstacle in the Middle East peace negotiations, possibly hastening an Israeli pullout from the Gaza Strip and the West Bank region around Jericho, as agreed under the accord between Israel and the Palestine Liberation Organization.

The two delegations made initial contacts on Tuesday night after the arrival of Foreign Minister Shimon Peres of Israel, then convened for a formal negotiating session in Versailles, outside of Paris, Israeli officials said.

The Palestinian delegation was led by Yasser Abed Rabbo. "I expect that we are in a stage of making progress in the talks with the Palestinians," said Israel's deputy foreign minister, Yossi Belim.

"If it isn't today, it's tomorrow, and if not tomorrow, it's in another week," Mr. Belim, a leading voice in the governing Labor Party, told Israeli Army radio. "I'm convinced that we will find a solution."

The negotiations were a continuation of talks held last weekend in

Norway on control of the borders, roads and bridges linking Israeli-occupied lands with Jordan and Egypt, and on the size of the Jericho enclave. Norwegian officials were talking part in the new talks.

According to Israeli radio reports Wednesday, negotiators were developing a formula in which border stations would be set up by both Israelis and Palestinians.

Palestinians would be checked at both stations, but Israel's negotiators were insisting that Israel be checked only at the Israeli stations, the reports said.

Another snag is over whether officials and other important persons would be exempt from Israeli security checks, the reports said.

In Tunis, diplomats said that the compromise on checkpoints was drafted in Norway, and approved by the PLO chairman, Yasser Arafat, on Monday.

Israelis have been concerned that Palestinian-controlled checkpoints could allow more militants and weapons to slip into the West Bank and Gaza.

Some Israeli officials suggested it would take a week to work out detailed regulations to cover what was agreed on in Paris. (AP, Reuters)

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Chinese Talks End: Stalled, Not Broken

Beijing Negotiator Is Vague, Taipei Sees a 'Long Road'

TAIPEI — Historic talks between China and Taiwan ended Wednesday with disputes over sovereignty that are blocking agreement on issues arising from their growing trade and cultural ties.

"After four decades of separation, the two sides have different ways of thinking, different ways of solving problems," said a tired-looking Hsu Hwei-yow, Taiwan's chief negotiator.

Mr. Hsu said he would not describe the talks as having broken down, but added, "What it gets to the stage, when we're just stating our positions over and over again, that's no help."

"Failing to reach accord now is only part of the long road toward a final end," Mr. Hsu said. "This meeting thus should not be viewed as having collapsed."

Mr. Hsu, deputy secretary-general of Taiwan's Straits Exchange Foundation, said China still refused any agreement that would imply Beijing's recognition of the jurisdiction of Taiwan courts.

Sun Yafu, the chief Chinese negotiator, referred in vague terms to "great progress" having been made on some details and said the talks had created a good basis for future discussions.

Taiwan has hoped to reach agreements that would show the island as a sovereign state, not as a renegade province of China.



A policeman stopping an anti-China demonstrator outside the Taipei building where the talks were being held Wednesday.

China Assails BBC Over Report Alleging Mao Sex Romps

BEIJING — The government said Wednesday that the BBC had offended China by airing a documentary about Mao Zedong that included reports of sexual escapades. It threatened retaliation.

At a time when China and Britain are clashing over the political future of Hong Kong, "Chairman Mao — The Last Emperor" was broadcast Monday despite official Chinese protests.

The hour-long documentary included an interview with Mao's former doctor saying the founder of Communist China indulged in sex with young girls.

"BBC's insistence on airing this documentary hurt the feelings of the Chinese people and revealed the degradation of the press ethics of this corporation," the Foreign Ministry said in a statement.

"Therefore, BBC should be held responsible for all the consequences arising therefrom." It did not specify what action the government might take.

Although Mao's policies have been discarded by the current leadership, Mao is still revered by many Chinese as a patriot who ended more than a century of foreign aggression and occupation.

For the centenary of Mao's birth Sunday, the official Chinese media have begun a campaign portraying him as a grandfather figure and man of the people.

Aboriginal Australians Rejoice After Passage Of a Land-Rights Law

CANBERRA — Aboriginals and their supporters rejoiced Wednesday after Parliament voted to let Australia's original inhabitants press territorial claims to as much as one-tenth of the continent.

The legislature restored native land rights that were lost when whites colonized Australia more than two centuries ago.

After a debate that began Friday, the Native Title Bill passed the Senate, 34 to 30. The House of Representatives, controlled by the Labor government, which drafted the bill, approved it later by a vote of 78 to 62.

The law takes effect Jan. 1, but tribunals will not be in place to hear land claims until mid-1994. Legal challenges are anticipated.

Prime Minister Paul Keating jubilantly told reporters, "This has been the longest continuing problem that Australia has faced for 200 years, recognizing that indigenous people, that native people, had the right to their own soil."

The measure gives aboriginals and Torres Strait islanders the right to make claims on territory held by federal and state governments if they can prove their unbroken connection to the land. They could not press claims to privately owned property.

Torres Strait islanders, who make up Australia's second largest group of native people, live in the tropical Far North and the Torres Strait Islands.

Under the law, aboriginals and Torres Strait islanders are obliged to respect mining, ranching and other leases on any property they win claim to. They can argue against commercial projects, particularly mines, but will have no veto to stop them.

Lois O'Donoghue, chairwoman of the Aboriginal and Torres Strait Islander Commission, said, "There were many times when we felt our rights were being ignored."

More than one-seventh of Australian territory already has been designated by the government as reservations for the country's 265,000 aboriginal and Torres Strait islander people.

Lawmakers say the new law would affect an additional 5 to 10 percent of Australia.

European settlers began forcing tribes off their land as soon as they came ashore in 1788. They invented a legal concept, called "terra nullius," which falsely contended that the country was unoccupied before they arrived.

In June 1992, Australia's High Court debunked "terra nullius" and recognized for the first time that aboriginals, who now represent about 2 percent of the 17.5 million population, lived in Australia for 40,000 years.

Most of the nation's aboriginals now live in cities and therefore would have no chance to establish a valid native land claim.

Mr. Keating's government intends to introduce "social justice" legislation in 1994 to provide urban aboriginals with better social services, education, land and employment opportunities.

Japan Coalition Wins a Battle Over the Bureaucracy

By Paul Blustein
Washington Post Service
TOKYO — Score one for Japan's coalition government in its battle to curtail the influence of powerful bureaucrats.

The government of Prime Minister Morihiro Hosokawa won a small but symbolically important victory over the bureaucracy on Wednesday when Masahisa Naito, a top civil servant at the Ministry of International Trade and Industry, announced plans to resign after several days of pressure from the minister for international trade and industry, Hiroshi Kumagai.

Until recently, Mr. Naito had refused to step down, saying a cabinet minister like Mr. Kumagai had no right to interfere in the personal matters of his ministry because such issues should be decided by the bureaucrats themselves. Many of his fellow civil servants, both at the trade and other ministries, supported him.

On Wednesday, Mr. Naito maintained that his resignation did not imply acceptance of Mr. Kumagai's demand, but was taken to avoid "any stagnation in the administration of the ministry."

Mr. Naito said at a press conference that his resignation was "interfering with MITI's work, and the most important issue facing MITI is how to respond to the recession."

Apprehended while conferring with a Soviet diplomat in his Paris apartment, Mr. Pâques later admitted at his trial that he had been in constant contact with Moscow.

But he proclaimed, "I was never a Soviet agent," and insisted that he had acted only out of patriotism and pacifism.

During World War II, he worked with the Free French government in Algiers as an aide to Louis Jacquinot, General de Gaulle's navy minister.

Mr. Pâques became a press officer in Paris for the North Atlantic Treaty Organization in 1962, when France was still a full member of the body.

Earlier, he had served as a civilian aide to the French chiefs of staff in the Defense Ministry.

During World War II, he worked with the Free French government in Algiers as an aide to Louis Jacquinot, General de Gaulle's navy minister.

Mr. Pâques admitted spying for the Soviet Union from the end of World War II until his arrest in 1963, but he said he acted only out of concern to prevent a nuclear war.

At his trial, he said he had detested the Soviet Union from war by letting them know how strong the West was.

Sent to jail for life in 1964, Mr. Pâques later had his sentence commuted to 20 years. He was granted amnesty by President Charles de Gaulle after serving six years of the sentence.

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'Totally Innocent,' Jackson Says

LOS ANGELES — Michael Jackson insisted Wednesday in a televised message that he was innocent of child molestation charges and confirmed for the first time that he was forced to undergo a "humiliating" strip search.

In a live address broadcast worldwide, the entertainer read a four-minute statement from his Nevada ranch in California's Santa Barbara County. No reporters were present.

"I am totally innocent," Mr. Jackson said. Describing a complete body search by criminal investigators, he stated, "It was the most humiliating ordeal of my life."

According to sources close to the case, the 13-year-old boy who has filed a civil suit against Mr. Jackson for molestation gave the police a detailed description of the entertainer's private parts, which could be used to verify the boy's claims.

Detectives investigating possible criminal offenses by Mr. Jackson obtained a warrant to strip-search the performer to see if discoloring spots on his genitals matched those described by the teenager, sources said.

"I have been forced to submit to a dehumanizing and humiliating examination," Mr. Jackson said. Mr. Jackson told Oprah Winfrey in a February television interview that he had a discolored skin condition known as vitiligo. Dr. Arnold Klein, who diagnosed the skin disorder in 1986, said the patchy white appearance was "a result of the loss of pigment-producing cells of the skin."

Mr. Jackson, 35, has not made any public appearances since Nov. 12, when he canceled his world tour while in Mexico City and released an audiotape in which he said he was seeking treatment for an addiction to painkillers.

In his statement, Mr. Jackson assailed media coverage of the allegations.

"I will say I am particularly upset by the handling of this matter by the incredible, terrible mass media," Mr. Jackson said. "At every opportunity, the media has dissected and manipulated these allegations to reach their own conclusions."

"I ask all of you to wait to hear the truth before you label or condemn me," he said. "Don't treat me like a criminal, because I am innocent."

Authorities in Los Angeles and Santa Barbara counties have been investigating child sex abuse allegations against Mr. Jackson for four months.

A Jackson attorney, Howard Weitzman, said he was glad the entertainer took the offensive. "I think it's great to have a client who participates with his lawyers and show the world he's innocent of these charges," he said.

Georges Pâques, French Spy for Soviets, Dies at 79

PARIS — Georges Pâques, 79, who used his position as a NATO press officer to feed secrets to the Soviet Union, has died in Paris, where he lived in almost total anonymity after being freed from a life prison sentence for spying.

The newspaper Liberation described him as "the most famous mole planted by the KGB at the heart of French defenses and NATO."

Mr. Pâques admitted spying for the Soviet Union from the end of World War II until his arrest in 1963, but he said he acted only out of concern to prevent a nuclear war.

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Russians Expect To Jettison More Nuclear Waste

MOSCOW — A Russian Foreign Ministry official said Wednesday that Moscow might resume dumping low-level nuclear waste in the Sea of Japan, Interfax news agency said.

The official said that although the ministry opposed dumping, Russia might have no choice if navy experts proved that it would be dangerous to keep the waste stored aboard two aging tankers.

Moscow canceled plans to dump 800 cubic meters (1,040 cubic yards) of waste in the Sea of Japan in October following a public outcry after it dumped an initial 900 cubic meters.

On Monday, Yevgeni Romanov, head of the fleet's technical directorate, was quoted by the press agency Itar-Tass as saying there was no storing the waste, which is produced by nuclear submarines. He said the fleet intended to ask the government for permission to carry out controlled dumping.

But the conceptual centerpiece of the new constitution rejects the idea of splitting the country into sovereign, ethnically based homelands, saying that would amount to another version of apartheid. Thus, the nominally self-governing homelands are to disappear when the new constitution takes effect immediately after elections in April.

The next opportunity to chart a course out of the morass will come early next year. The government and the ANC have held out the possibility that constitution can be amended if their enemies agree to recognize its legitimacy and participate in the country's first nonracial elections April 27. If they agree, another parliamentary session could be called.

But although government and ANC negotiators expressed pleasure that the process had not broken down completely, they privately held out little hope that the conservative groups will be persuaded to take part in the elections.

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RATIFY: End of an Error

Continued from Page 1

omy and then full independence, leaving behind a prosperous, white South Africa.

By gerrymandering and forced removals, 17 million blacks were moved into those reservations, which are almost wholly dependent on handouts from South Africa.

The homeland leaders now insist that South Africa has no authority to take back the independence it gave in 1977.

Writes in the Freedom Alliance also insist that they will feel secure only if they attain a semi-autonomous homeland, while blacks such as Chief Buthelezi want to preserve an array of powers given them under the apartheid system. In Chief Buthelezi's case, his power base in the KwaZulu homeland includes his role as minister of police, in which he commands a force that critics call a partisan army.

But the conceptual centerpiece of the new constitution rejects the idea of splitting the country into sovereign, ethnically based homelands, saying that would amount to another version of apartheid. Thus, the nominally self-governing homelands are to disappear when the new constitution takes effect immediately after elections in April.

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TURKISH POLICE OFFICIAL SHOT

ANKARA — The head of Ankara's police anti-terror unit was shot and badly wounded Wednesday by a policeman angered by a recent demotion, the police said.

For investment information Read THE MONEY REPORT every Saturday in the IHT

CROSSWORD

Crossword puzzle grid with clues. Clues include: 1 Iron-pumper's pride, 2 For G, for example, but not, 3 Sneaky guy?, 4 Easter precursor, 5 One of the Jacksons, 6 One's partner, 7 First stringers, 8 Ousts, 9 Stupid error, 10 Hit-or-miss, 11 Autobahn auto, 12 Creative input, 13 "Jurassic Park" actress, 14 An Astaire, 15 Destiny, 16 Intrepid Enc?, 17 Farm-related, 18 Double-crossers, 19 Muscat resident, 20 Point at the table, 21 Mountain sign abbr, 22 Overhead, 23 Gym shoes, 24 One of the Jacksons, 25 One's partner, 26 First stringers, 27 Ousts, 28 Stupid error, 29 Hit-or-miss, 30 Autobahn auto, 31 Creative input, 32 "Jurassic Park" actress, 33 The way things are going, 34 "You're All — to Get By", 35 Goggled, 36 Up and about, 37 Stink locations, 38 Still, 39 Night, in Napoli, 40 Lady Jane and Zane, 41 Long short story, 42 "Go My Eyes on You", 43 Siles Marner, e.o., 44 Decline, 45 16th-century dance, 46 China, perhaps, 47 Cold hotshot, 48 It's on the Tevere, 49 "Paradise Lost" character, 50 Stereo precursor, 51 Dudley Do-Right's love, 52 "Eloa" — saw, 53 Invitation letters.

YELTSIN: 'A More Open Style' in Pressing Reforms

Russians were voting for order, he said he intended to provide.

"Whenever the voters cast their ballots for, they were unanimous that Russia needed strong authority," Mr. Yeltsin said. "The people are irate over the amorphous character of government, they are tired of the inconsistency and ambivalent decisions, they are outraged with the growing crime rate."

Mr. Yeltsin vowed to remain in office until the end of his term in 1996, saying he would keep his foreign policy and the core of his government intact through that time. Before the parliamentary elections, he had promised to stand for election in 1994, and then had said parliament could decide whether to hold early presidential elections. But on Wednesday he ruled out that option as unconstitutional.

"They can talk as much as they like, but they must respect the constitution, which says that the president performs his duties through his elected term — in other words, until June 1996," Mr. Yeltsin said. "That means the basic foreign policy remains in place."

The president also said that he had decided to form a "presidential party" of his own. He offered no details about this plan and did not say whether he hoped to run for reelection in 1996.

Many pro-reform politicians criticized Mr. Yeltsin for remaining neutral in the Dec. 12 elections. Pro-reform parties split, and ultranationalists and Communists emerged as the biggest winners.

The success of Vladimir V. Zhirinovskiy, a nationalist who has laid claim to territory from Finland to Alaska, sparked fears abroad of a resurgent, imperialist Russia. The election also prompted a debate, here and in the West, about whether Russia's economic reforms should be softened in some way, with more attention paid to protecting the newly impoverished.

Mr. Yeltsin said the government was preparing proposals for social protection. But his tone was far different from that of Prime Minister Viktor S. Chernomyrdin, who on Saturday attacked Mr. Gaidar and called social protection "the main area" of his government's future activity.

President Bill Clinton talked to Mr. Yeltsin on Wednesday and described the Russian leader as "upbeat" despite the parliamentary elections. (Reuters, AP)

HEALTH / SCIENCE

Sorting Out the 'Library' of Genes

By Barry James
International Herald Tribune

EVERY, France — Imagine that you have to arrange thousands of weighty tomes in a library. Neither the books nor the chapters are labeled. The pages — there are several hundred to each volume — are jumbled up and are not numbered. And the text is written in a language you don't quite understand, using no more than four letters of the alphabet.

The only thing you know for certain is that the library has 23 rooms of varying size, and each room has two identical sets of shelves.

Now arrange the books in the correct order. A team of French scientists researching the human genetic blueprint known as the genome has in effect succeeded in doing just that. Daniel Cohen, Jean Weissenbach and Hya M. Chumakov — all members of the Genethon research laboratory here — have managed, figuratively, to place the books in order on the shelves, put the chapters in sequence and work out many of the page numbers.

Their "first generation physical map of the human genome" is being hailed as a stunning scientific achievement that will provide researchers a valuable tool in hunting the genes responsible for more than 3,000 known hereditary diseases.

The map gives a broad but still imprecise and scantily detailed overview of about 90 percent of the genome, compared to the two percent that had been mapped before.

The achievement fulfills Genethon's aim of completing the map in three years. The laboratory was established in 1990 by the French muscular dystrophy association, with money from an annual series of televised fund-raisers. The latest telethon raised more than 350 million francs (\$60 million) in cash and pledges in what has become one of France's most popular national causes.

In keeping with its philosophy that genetic information should not be patented, Genethon immediately made the map available over the Internet scientific network and will publish its findings in a 300-page book early next year.

The library represents the genome, a 3.25 billion character "text" written in linear fashion along a 1.5 meter wisp of deoxyribonucleic acid or DNA, one thousand times thinner than a filament of silk. The DNA, arranged in the famous double helix, is coiled up in a space one thousand times smaller than a pinhead in the heart of each human cell.

Each room in the library represents one of 23 pairs of chromosomes, one from the father and one from the mother. The books represent the more than 30,000 slices of DNA material that the Genethon team multiplied and analyzed with the help of sophisticated robots and powerful computers. The chapter headings are genetic "markers," or known information points within the DNA fragments. Finding a marker is something like searching for an unusual word in a huge computer data base.

The DNA map gives an overview of 90 percent of the genome, compared to 2 percent known before.

The chemical "language" of the DNA text is translated into various combinations of four letters, for example, TCGAGCTTCATGAGCTCATGCTA, arranged in an endless, hypnotic run. Every few thousand characters, the text resolves into clusters of information known as genes, the instructions that tell eyes to be blue or hair to be curly. But sometimes, the book of life contains a spelling mistake that can translate into a fearsome handicap like muscular dystrophy.

Knowledge of the book in the wrong hands could be a frightening method of social control. Only this week, for example, China said it would use eugenics to "avoid new births of inferior quality and heighten the standards of the whole population."

"We think a lot about the ethical problems, a huge amount," said Susan Cure, a scientist at Genethon. "But what the people in the muscular dystrophy association want is to find the disease genes as quickly as possible because they have children who might benefit."

The map combines for the first time a genetic map devised by Dr. Weissenbach containing more than 2,000 known markers, and a physical map created by Dr. Cohen, which describes the way the DNA fragments are arranged along their filament. Dr. Chumakov was responsible for the technical wizardry that enabled the vast mass of data to be integrated.

It means that scientists can now place several hundred known genes with some precision on their respective chromosomes. In the future, the many tens of thousands of genes that still have to be deciphered will find their place on the map. The addition of more markers — the target is 5,000 — will enable gene hunters to concentrate their search in the right place in the library.

It took six years to find the gene that took the life of the son of Bernard Barakat, the energetic go-for-broke president of the muscular dystrophy association, and at that rate it would take forever to locate every aberrant gene. The map will make it easier and much quicker to locate such killers in the future. If a disease is associated with a known marker, for example, researchers will know in which chapter or page to look for it. In theory, it should be possible to splice over the segment of DNA containing the faulty gene, just as you can patch an error in a computer program.

The map is analogous to the rudimentary chart that Columbus took to the New World. It indicates roughly where genes are, without saying what they do. But as more markers are added and more genes are identified, it will become increasingly precise. Dr. Cohen predicts that within 15 years, it will be as detailed as today's satellite maps of the earth.

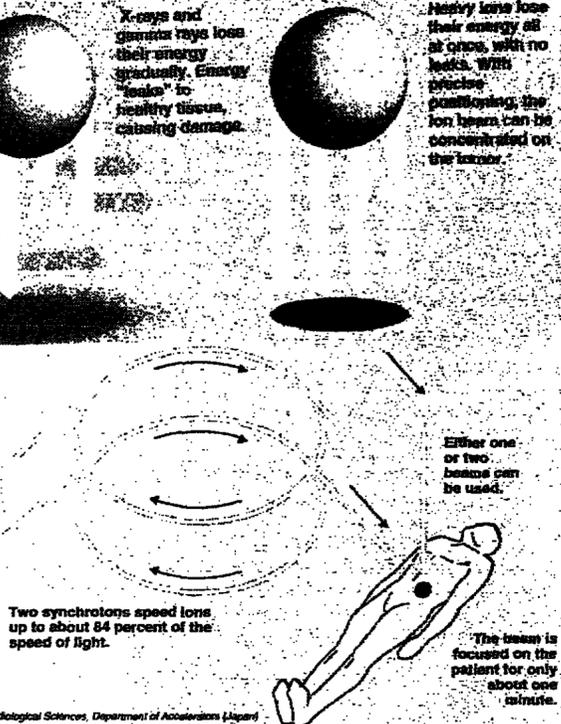
The Genethon team has achieved a breakthrough that had not been expected until 1995 through the vast Human Genome Project, led by the United States, which aims to describe the entire genome, chromosome by chromosome and gene by gene, early in the next century.

A Precise Cannon For Cancer

Ions are the positively charged nuclei of atoms that have been stripped of their electrons. Bombarding cancer cells with heavy ions of elements like carbon and neon kills some tumors more efficiently than other kinds of radiation.

HEAVY ION ACCELERATOR
Ions pass through two accelerators, which speed up the beam to about 11 percent of the speed of light.

Ion source



Source: National Institute of Radiological Sciences, Department of Accelerators (Japan)

John Gagliardi/The New York Times

Japan Pushes Anti-Cancer Project

By Andrew Pollack
New York Times Service

CHIBA, Japan — Ten months after the United States virtually abandoned a potentially powerful but extremely expensive approach to fighting cancer, Japan is completing a huge construction project here to put the technique to use.

The procedure, known as heavy-ion treatment, involves bombarding cancer cells with ions of carbon, neon and other elements whose electrons have been stripped off, leaving only the positively charged nuclei.

Evidence suggests that such heavy ions can kill certain cancer cells more effectively than the X-rays or cobalt gamma rays now commonly used in radiation therapy. Compared with X-rays or gamma rays, heavy ions concentrate more destructive energy directly on a tumor.

For about two decades, researchers have been experimenting with heavy-ion treatment, using accelerators built primarily for high-energy physics. The project under way in this Tokyo suburb, the Heavy-Ion Medical Accelerator in Chiba, or HIMAC, is the first large accelerator in the world dedicated solely to cancer treatment.

The accelerator, which will begin treating patients in March, cost about \$300 million to build. It will require another \$50 million a year to treat about 1,000 patients a year. The device occupies a space the size of two football fields and at its peak uses 25 megawatts of electric power, the capacity needed to supply 8,000 homes.

All this gargantuan equipment, power and expenditure will be harnessed to deliver beams lasting no more than one minute to a patient's

tumor. The typical course of therapy will require about 15 to 18 treatments.

The usual forms of radiation treatment, X-rays and gamma rays, lose their energy gradually as they pass through the body, damaging not only the tumor but also the nearby healthy tissue. Heavy ions, by contrast, lose almost all their energy at once, so the destructive force can be concentrated on the tumor, killing cancer cells more effectively and reducing harmful side effects.

As a result, heavy ions are particularly useful for treating tumors in areas that can be severely

Expensive technique is set to be used a year after the United States virtually abandoned it.

damaged by radiation, such as the eye and spinal cord. Dr. Hiroshi Tsunemoto, director of charged-particle therapy research at the National Institute of Radiological Sciences, which runs HIMAC, said it would be used for salivary gland and prostate cancers, which have proven resistant to X-ray treatment. He also plans to use the accelerator to treat lung cancer detected at an early stage.

The start-up of Japan's accelerator follows the shutdown of the one accelerator that had been used for heavy-ion treatment in the United States. The accelerator at the Lawrence Berkeley Laboratory in Berkeley, California, was closed in February after having treated about 400 patients since the 1970s. For some kinds of cancer, heavy ions killed

cancer cells in more than 60 percent of the patients, a rate as much as twice as high as would be expected from X-ray treatment, said Dr. Joseph R. Castro, director of the heavy-ion trials at Lawrence Berkeley. However, he said, the data are not fully convincing because the number of patients was very small and there were no randomized trials to compare heavy-ion therapy with other methods.

"From the Berkeley experience, all we can say is that we think it's promising," said Dr. Castro, who is professor and vice chairman of radiation oncology at the University of California's San Francisco Medical Center.

Caffeine and Miscarriages

A new study suggests that pregnant women who consume the amount of caffeine in one and a half to three cups of coffee a day may nearly double their risk of miscarriage. The New York Times reported.

The researchers also linked high caffeine consumption — the equivalent of more than three cups of coffee a day — in the month before pregnancy with a similar risk of miscarriage, said Dr. Claire Infante-Rivard of McGill University in Montreal, the primary author of the report. It was published Wednesday in The Journal of the American Medical Association.

The study also found that drinking the amount of caffeine in more than three cups of coffee a day during pregnancy nearly triples the risk of miscarriage, Dr. Infante-Rivard said. The researchers said the study supported the long-standing recommendation by the Food and Drug Administration, based largely on animal studies, that pregnant women curtail their caffeine consumption. Previous studies have reached different conclusions about the possible dangers of caffeine for pregnant women.

Impotence: Aging Not Sole Factor

By Lawrence K. Altman
New York Times Service

NEW YORK — The largest study of impotence since the Kinsey report has found that about half of American men over 40 have experienced the problem to varying degrees.

The federally financed study, carried out among 1,709 men in 11 areas in Massachusetts, asked them a variety of questions about their sexual potency during the previous six months.

The study suggests that 10 million men from 40 to 70 in the United States, out of a total of more than 37

million, may either be impotent or have experienced the problem. That is almost double the current estimate of 10 million men, the senior author said in an interview.

The study of men representing the general population confirmed that the ability to have an erection declines with age.

"There's no way around it," the author, Dr. John B. McKinlay, who directs the New England Research Institute, a private research organization in Watertown, Massachusetts, said in an interview.

Although the aging process cannot be controlled, impotence has many other causes. In many cases impotence is a result of factors like drugs, medical conditions and hab-

its and of things like smoking, alcohol consumption and amount of exercise that are amenable to change or treatment.

Impotent men and their doctors can do many things to control the problem, Dr. McKinlay said. For example, they can modify diet and intake of alcohol, stop smoking or tailor medications.

THE study was designed to measure men's assessment of their sexual function, not perceptions by their doctors. The findings were thus based largely on self-reporting by randomly selected men.

Dr. S. Mitchell Harman of the National Institute on Aging said that the findings were "ambiguous" because of the design of the study. Since participants were interviewed only one time, a problem of the study is the inability to determine how often impotence improved or worsened and how often it was permanent, Dr. Harman said.

As an endocrinologist, Dr. Harman said that impotence was often temporary, related to factors like stress, grieving, illness and accidents. He estimated that potency improves over time in about half of patients.

Despite the limitations, the findings underscore the growing importance of impotence to the field of public health as more men live to older age. The emotional devastation from loss of potency often reaches far beyond the bedroom.

The study also indicated that impotence may herald serious disease of the heart and blood vessels. Low amounts of high-density lipoprotein (HDL), the good form of cholesterol, were also significantly correlated with impotence.

The frequency of impotence steadily increased with age in the study, which is reported in the January 1994 issue of The Journal of Urology.

At the age of 40, 5 percent of men in the study reported complete impotence. By 70, the prevalence of complete impotence tripled to 15 percent. Over all, 32 percent of men from 40 to 70 had experienced varying degrees of impotence.

Heart disease, high blood pressure and their treatments were added risk factors for impotence. Cigarette smoking nearly doubled the risk for those treated for these conditions. The study also found that depression and repression of anger were strongly associated with increased sexual difficulty.

The authors said their study was "the largest and most comprehen-

sive investigation on male sexuality and health since the Kinsey survey" more than 40 years ago.

Dr. McKinlay said the study began as an endocrinologic study measuring changes in 17 male hormones with age. He said he changed direction, reading an article in The New England Journal of Medicine that pointed to gaps in scientific knowledge about impotence.

Dr. McKinlay said he spoke with two authors of the article, Dr. Irwin Goldstein and Dr. Robert J. Krane of Boston University Medical Center, and realized that he had collected crucial data as part of his original study. So with Dr. Henry A. Feldman, a statistician at New England Research Institute, Dr. McKinlay collaborated with Dr. Goldstein and Dr. Krane, who are both urologists. Dr. Dimitrios G. Hatzichristou, another urologist at Boston University, was also a co-author.

Dr. McKinlay said he intended to extend his team's study next year as part of the research needed for identifying patterns of risk factors that would allow easy identification of individuals likely to experience sexual decline.

Among the questions that need to be answered in future studies are whether depression or impotence tends to occur first. "Urologists tend to say impotence and psychiatric depression," Dr. McKinlay said.

DOCTORS have paid more attention to impotence in their patients in recent years as researchers have developed new tests to detect specific causes of impotence and treatments for some of them. Doctors have also improved their understanding of the physiological mechanisms of penile erection and how they can be affected to cause impotence. But experts have cautioned that the reliability of many of the tests has not been fully determined.

Among the newer treatments are penile implants, self-injections of drugs into the penis and hormonal therapy, including testosterone. But Dr. McKinlay said his study found that lack of testosterone was not a major factor in impotence.

Other therapies include surgery to bypass arteries obstructed by a buildup of fatty substances, with the aim of increasing blood flow to the penis. Dr. McKinlay cautioned that men should try to modify diet and other behavior factors before trying such therapies.

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Herald Tribune

By Sonia Nazario
Los Angeles Times Service

LOS ANGELES — When Althea Alexander broke her arm, the attending resident at Los Angeles County-University of Southern California Medical Center told her to "hold your arm like you usually hold your can of beer on Saturday night."

Alexander, who is black, exploded. "What are you talking about?" she demanded. "Do you think I'm a welfare mother?"

The white resident shrugged: "Well, aren't you?"

Wrong, Alexander was a top official at the USC School of Medicine, where the resident was studying.

In response to such incidents, medical schools have launched efforts to tackle a malady that may undermine the health care of women and minorities. Aimed at curing doctors of "bedside bias," these schools are prodding their pupils to recognize their prejudices and keep them out of the examination room.

The actions follow recent studies that show that even when minority and female patients have the same health insurance and income as white men, they are much less likely to receive lifesaving medical treatments.

Although the studies suggest that such gaps may in part be caused by cultural factors or physical differ-

ences, most raise the specter of bias.

In a state where minorities make up 43 percent of the population, California medical schools have been in the forefront of such reforms. Some deride the schools' programs as political correctness run amok. "I can't see how people can change their prejudice," scoffs one white USC medical student. "I don't see how this will change anyone."

Medical school officials emphasize that doctors aren't more inclined to exhibit bias on the job than other groups, but say that physicians have a special duty to keep any prejudices in check because their patients rely on them not only for their health, but for their very lives.

"The kind of information a doctor gets from you, how long they spend with you, the kinds of treatments they offer — all are affected by bias," said Herbert Nickens, vice president for minority health education and prevention at the Association of American Medical Colleges.

"Discrimination and bias are very prevalent," agreed Judith Barker, a medical anthropologist at the University of California San Francisco, whose students discuss cultural barriers to treating black patients. "It is quite insidious. It comes in tiny pieces. But those tiny pieces add up."

Recent studies have shown the

toll bias can take on female and minority patient care:

• Older whites are 3.5 times more likely than older blacks to get potentially lifesaving surgery to bypass blocked arteries, said a 1992 study of 86,000 patients under Medicare, the government's health insurance program for the elderly.

• Asian, Latino and African American patients of the same income levels and health insurance as whites are 20 percent to 50 percent less likely to get three critical types of heart procedures, a 1993 University of California Los Angeles study found. Women are 30 percent less likely than men to get procedures.

• Black kidney patients are 45 percent less likely than whites to

their cardiovascular disease isn't diagnosed or treated early enough, said the AMA's Council on Ethical and Judicial Affairs. Half of women who have heart attacks die within a year, compared with 31 percent of men.

At the root of gender disparities in treatment, the AMA said in its review of the data, is the sense that men are more valuable and contribute more to society than women.

At the University of California San Francisco, a mandatory workshop on ethnic identity is followed by a 10-week "cross-cultural communications" course that half its medical students take.

Chicago's Rush Medical College offers a half-day orientation on diversity and bias. The course, which began last year, taps everything from Whoopi Goldberg comedy tapes to a video by the American Academy of Family Physicians with vignettes showing physicians' biases.

In Rush's "cultural competence" course, students air their stereotypes about which groups they see as being prone to laziness or welfare, or discuss why it's not a good idea to talk about a patient's breast size when she's under anesthesia. Rush works to break down ignorance by thrusting students into minority communities — having them go door to door on immunization drives, or offer medical care in a housing project.

San Francisco General Hospital has created Latino, Asian and black "focus units," wards where the staff receive culture and language training.

As students learn about research studies that highlight gender and race gaps, treatment of minorities and women is changing, shifts that may help patients in many ways, said Marian Shuchman, an assistant professor of psychiatry at University of California San Francisco Medical School.

Studies show that patients who feel their physician is supportive and caring are more likely to take their medications, return for follow-ups, and get better.

"We're beginning to sensitize people," Dr. Shuchman said.

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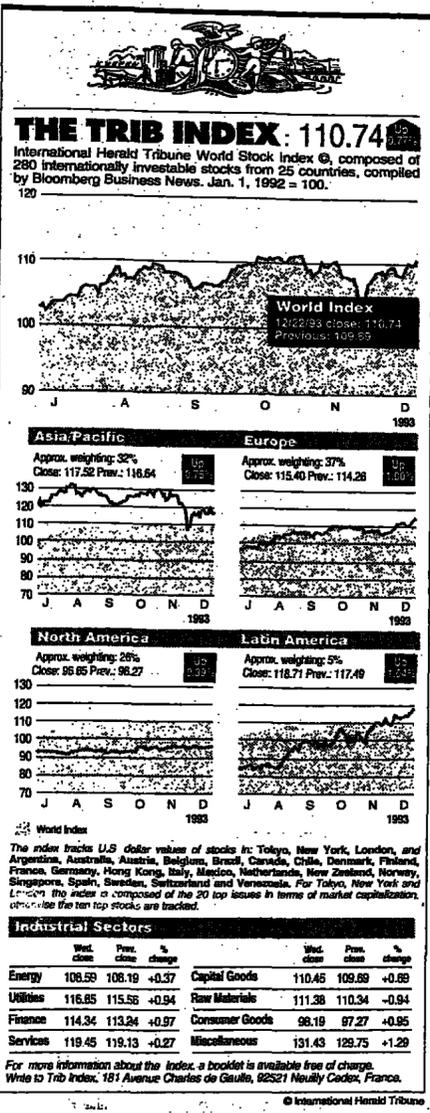
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Protests At Sale of Pignone to Americans

ROME — Italy announced the sale Wednesday of much of the state-owned turbine maker Nuovo Pignone SpA to three American companies, sparking protests from workers despite assurances their jobs would be saved.

The manufacturer's 2,600 workers marched through the center of Florence in anger at the sale by Ente Nazionale Idrocarburi, the state energy holding company, of 49 percent of Nuovo Pignone to General Electric Corp., Dresser Industries Inc. and Ingersoll-Rand Inc.

ENI's managing director, Franco Bernabe, said the energy group would realize about 1.1 trillion lire (\$57.1 million) from the sale — 700 billion lire in cash and 400 billion lire in debt assumed by the buyers.

A group of Italian banks will buy a 20 percent stake in Nuovo Pignone, and ENI is to retain 20.25 percent.

Under the deal, GE is buying 25 percent, while Ingersoll-Rand and Dresser each take 12 percent.

A promise by Industry Minister Paolo Savona to keep control of the company in Italian hands and safeguard employment drew jeers from Nuovo Pignone's workers, who have threatened a sit-in at the group's Florence headquarters.

Italy's privatization program began in earnest this month when the government sold control of Credito Italiano, the sixth-largest commercial bank, in a public share offering.

The turbine maker was to have been put on sale in September 1992, but the privatization was delayed by political bickering and Italy's corruption scandal.

Mr. Bernabe said the bid price for the Nuovo Pignone privatization had been set at 7,000 lire a share. Trading in Nuovo Pignone shares was suspended Wednesday; the shares closed Tuesday at 6,269.

All the major groups bidding for Nuovo Pignone were non-Italian. According to press reports, they included Siemens AG and ABB Asea Brown Boveri Ltd. (Reuters).
Bloomberg, Knight-Ridder

Club Med Takes a Bath Record Loss for '93 Is 290 Million Francs

By Jacques Neher
International Herald Tribune

PARIS — Battered by global recession, political strife and a shift in the market away from its pricey vacation packages, Club Méditerranée SA on Wednesday said it suffered a record loss of 290 million francs (\$50 million) in 1993.

The loss for the year ended Oct. 31, was much deeper than analysts were expecting. The company had a profit of 160 million francs in the previous year. "It doesn't look good," said Nigel Reed, of Paribas Capital Markets. "The market should react," he said.

Club Med shares, which have lost half their value over the last three years, closed Wednesday in Paris, ahead of the announcement, at 321 francs, a loss of 14 francs.

However, Club Med's chairman, Serge Trigano, predicted that his strategy for cutting costs and prices and selling off several vacation villages will make the sun shine again on the company within two or three years.

"I hope to regain break-even in 1994 on our base activities and return to profitability in 1995," said Mr. Trigano, who was handed the reins of the company this fall when his father, Gilbert Trigano, retired amid predictions that Club Med was headed for a loss — its second ever after a 17 million franc loss in 1991 due to the Gulf War.

"I persist in thinking that the vacation concept of the club is a good," he said in his first meeting with journalists. "Our 'everything included' style corresponds to customer desires," he said, referring to Club Med's policy of packaging vacations so food, hotel, air fare and a host of sports activities are prepaid.

However, some analysts fear that the Club Med offering may have become outdated, and they criticize the company for not adapting more rapidly to changed market conditions.

"The club continues to hang on to its 'sun, sex and sea' idea, but it's no longer valid for the '90s," said a Paris analyst who follows the company closely. "The sun is cancerous, sex has become dangerous and the sea is polluted."

Mr. Trigano said the company's 1993 loss was due mostly to economic recession, which has particularly hurt its markets in France, Italy and Germany, and to political unrest that forced it to close or severely curtail vacation villages in the former Yugoslavia, Haiti, Egypt, Senegal and Turkey. The company has 105 villages operating in 36 countries.

"The political risks are impossible to estimate," Mr. Trigano said, noting that the company is used to having a problem "here and there," but rarely has had to face several hotspots simultaneously.

Acknowledging complaints that Club Med's pricing was out of line with economic conditions, Mr. Trigano said that, starting next summer, prices on middle-range villages in Europe would be cut around 15 percent, mostly for air fare.

And while holding on to the everything-included philosophy, Mr. Trigano nevertheless will experiment with a pay-as-you-go approach this summer at three of its French villages.

QVC Reportedly Gets Nod From Paramount

Bloomberg Business News

NEW YORK — Paramount Communications Inc.'s board on Wednesday endorsed a \$10.2 billion takeover offer from the hostile bidder QVC Network Inc., intensifying pressure on Viacom Inc. to raise its offer or abandon its long-held plans to merge with Paramount.

QVC's advisers were informed of the board's decision on Wednesday, said Enrique Senior, a managing director at Allen & Co., which is advising QVC.

Paramount officials did not return calls seeking comment. A spokesman for Viacom declined to comment and officials at QVC did not return repeated telephone calls.

The endorsement by the board of the entertainment and communications conglomerate was not binding and left the door open for Viacom to increase its bid to regain the upper hand, according to sources involved in the three-month takeover battle.

"The announcement of a merger recommendation does not mean that Viacom has lost," said Wolfgang Armbruster, a PaineWebber Inc. analyst. "The only issue we have now is whether Viacom will drop out."

Under the bidding guidelines established by Paramount, both QVC and Viacom have 10 business days to raise their offers after the board makes its recommendation.

"All options are still open to all parties," an investment banker for Viacom said.

The Paramount board, which had dismissed the QVC bid until a rebuke by the Delaware courts, made its recommendation two days after receiving new bids from both cable television companies.

Sources close to Viacom said Wednesday morning that the company remained in negotiations with Blockbuster Entertainment Corp., which has already invested \$600 million in support of Viacom's Paramount offer, and Nynex Corp., which has invested \$1.2 billion.

One source involved in the talks called the possibility of further investment from Nynex a "longshot" and said an additional investment by Blockbuster was more likely.

The endorsement of the QVC bid caught by surprise Wall Street analysts, institutional holders and traders, who believe Viacom is still very much alive in the takeover battle.

Paramount shares fell 62.5 cents on Wednesday, closing at \$79.00. QVC shares sank \$1.25 to \$40.75. Viacom Class A shares rose \$1.125 to \$51.00 and Class B shares rose 87.5 cents to \$56.00.

At current prices, QVC's bid is worth about \$10.2 billion, or \$81.99 a share. Viacom has yet to disclose the value of its most recent bid. The latest disclosed bid from Viacom is worth \$9.97 billion, or \$80.07 a share, based on current prices.

Viacom owns cable systems and several channels including MTV and Nickelodeon. QVC owns a home-shopping channel and is launching another network in the spring.

Bentsen Sends Dollar Lower Against Yen

Compiled by Our Staff From Dispatches

WASHINGTON — Treasury Secretary Lloyd Bentsen expressed concern Wednesday about the appreciation of the American dollar against the Japanese yen after the dollar rose to a seven-month high in trading in Tokyo. Foreign-exchange markets responded to his remarks by selling the U.S. currency.

"In light of recent cyclical and exchange-rate developments, we are concerned that Japan is not meeting its commitment to achieve domestic demand-led growth and a significant reduction in its external surplus," Mr. Bentsen said in a statement released to reporters Wednesday morning.

In trade talks with Washington, Japanese officials have suggested they would attempt to stimulate their recessionary economy through tax cuts. U.S. officials have expressed concern that Tokyo is not moving quickly enough on its pledge and have urged Japan to adopt additional spending measures.

Before the statement was made, the dollar closed in Tokyo at 111.30 yen. But by the New York close half a day later, the dollar was quoted at 110.345 yen, down from 111.120 yen at Tuesday's close there.

Dealers played down the U.S. currency's slide against the yen and said the move had been exaggerated by the thinness of the market ahead of the Christmas holidays.

"The whole world was long dollars," Bruce English, a vice president at ABN-Amro Bank, said.

"What this did is, it led some people to close out their positions."

The dollar also was quoted at 1.7015 Deutsche marks, off from 1.7070 DM the day before, at 1.4360 Swiss francs, down from 1.4485 francs, and at 5.7950 French francs, off from 5.8115. The pound rose to \$1.4965 from \$1.4885.

In a television interview Tuesday, Mr. Bentsen said he did not see a need for the United States to intervene in currency markets to support the yen. Traders said that statement had made them feel it was safe to buy dollars.

The Canadian dollar surged after the governor of the central bank was replaced. Page 10.

U.S. Officials Begin 1993 with Commitment to Devalue Dollar

U.S. officials began 1993 with a commitment to devalue the dollar from its level of around 125 yen. By mid-August, the dollar had sunk to a post-World War II low, falling almost to 100 yen, and officials then sought to stem the decline. Since then, the dollar has appreciated by about 10 percent.

A weak dollar would help the U.S. trade deficit by making American goods less expensive in Japan while increasing the price of Japanese imports in the United States.

Last week, the Commerce Department reported that the American trade deficit with Japan had hit a seven-year high of \$6.1 billion in October.

Japanese officials expressed concern about their country's economy and the need to spark a recovery.

"We know that we need to do something about the economy, and we would very much like to do what we ought to do," a Japanese finance official, who asked not to be identified, said at Japan's embassy in Washington. "We are acknowledging the seriousness of the economy."

INTERNATIONAL MANAGER

Flag-Waving vs. Mergers in Europe

By Richard W. Stevenson
New York Times Service

LONDON — The collapse of the merger between Volvo AB of Sweden and Renault SA of France reflected many factors, but among them was one particularly worrisome in Europe: rising economic nationalism.

The proposed Volvo-Renault merger fell apart early this month against a backdrop of cross-border strains involving many of Europe's large corporations and industries.

Volkswagen AG of Germany, struggling to restore its financial equilibrium, has provoked harsh criticism in Spain with its plan to close its aged Zona Franca car plant in Barcelona operated by its money-losing subsidiary, SEAT SA, at a time when Spain has one of Europe's highest unemployment rates. At the same time, Volkswagen is squabbling with the Czech government over its investment plans in Skoda Automobilovna AS.

Airbus Industrie, the four-country aircraft-building consortium based in France, has found it difficult to proceed with proposals to reorganize itself along more efficient lines because each member wants to protect jobs in its own country.

Executives at CSA, the Czech national airline, have been feuding with their counterparts at Air France, which owns a stake in the carrier. Four European airlines — SAS, KLM, Royal Dutch Airlines, Swissair and Austrian Airlines — nearly overcame a host of hurdles, including national economic interests, to agree to a merger this fall. But the talks collapsed when the airlines failed to agree on which U.S. carrier would be their partner.

"There's no question that nationalism is a major problem for a lot of European companies that need to merge or take each other over in an effort to consolidate their industries," said Constantinos Markides, an assistant professor of strategic management at the London Business School.

In the case of Volvo and Renault, it is too early to say whether Volvo's abandonment of the deal will leave it badly wounded, as Pehr Gyllenhammar, the former chairman of Volvo, architect of the deal and ardent supporter of Swedish integration into the European Community, said recently.

In the end, the merger seemed doomed by a feeling that Volvo, a symbol of Sweden's industrial prowess, was being bargained away too cheaply to a foreign partner that could not be entrusted with the fate of Swedish jobs.

The critics of our merger turn their backs on Europe and the world," Mr. Gyllenhammar said with undisguised bitterness. He resigned from Volvo after its decision to scuttle the deal.

To a degree, the spread of nationalism into the affairs of corporations is an extension of the nationalist sentiments that have played a prominent role in stalling the European Community's attempts to widen and deepen the single market through mechanisms like a single currency.

The trend in some cases, including that of Volvo, is accelerated when one or more of the potential partners — in this case, Renault — is state owned. The French government, in particular, is viewed throughout Europe as highly susceptible to pressure from workers to take steps to protect their jobs, even when other, broader economic interests may be at stake.

And the rise of corporate nationalism is perhaps not surprising given the deep recession plaguing most of Europe and the double-digit unemployment rates in most countries.

"These nationalistic problems, looking at them over the long run, are becoming less of a factor overall, but they always become more of a problem during times of economic difficulty," Mr. Markides said.

Because nearly all the barriers to trade within the Community have been eliminated, companies are seeking efficiencies that come with scale, to aid them in competition. In many industries — especially large employers like the automobile and steel businesses — companies are being pushed toward consolidation by overcapacity and the need to cut costs substantially.

"I would not say that the Volvo situation is in any way, shape or form a sign that cross-border mergers in Europe are dead," said Jim Wadla, a partner at Arthur Andersen & Co., the consulting firm, in London.

But he said that certain cases bringing companies together had become more difficult, not just when large numbers of jobs might be at stake, but when countries perceived that those technologies, or leadership in those technologies, might be at stake.

East Asian Growth: Eyes Shift to South

By Michael Richardson
International Herald Tribune

SINGAPORE — Recession in Japan and uncertainty about the future of China are unlikely to dim growth prospects in 1994 for East Asia, where expansion is being largely driven by domestic demand, economists say.

But as Northeast Asia slows, the focus of investor interest will swing to Southeast Asia, with the economies of Indonesia, Malaysia, the Philippines, Singapore and Thailand expected to post an average gain of almost 8 percent next year.

This growth differential, coupled with economic and political uncertainties in China and Hong Kong, "could cause the China fascination seen among investors over the past year or two to diminish somewhat in 1994," said Sanjoy Chowdhury, chief economist for the Asia-Pacific region in the Singapore office of Merrill Lynch & Co.

As a result, investor interest might shift toward Southeast Asia and possibly India if its economic liberalization program remains on track, he said.

Other analysts expect that Japan's relative economic power in Asia will decline over the next few years, due to Japanese domestic difficulties and changes in the pattern of East Asian economic growth.

"Whereas direct investment in export-oriented manufacturing facilities fueled growth in Asia in the 1980s, the new impetus for growth in the years immediately ahead is likely to be investment in manufacturing for domestic consumption and increased infrastructure spending," said Robert Broadfoot, managing director of Political & Economic Risk Consultancy Ltd. in Hong Kong.

East Asian nations plan to mobilize several hundred billion U.S. dollars over the next few years to improve telecommunications, air and sea ports, roads, power and water supplies, public transport and industrial waste management.

Japanese companies, followed by those from South Korea, Taiwan and Hong Kong, dominated direct investment in East Asian manufacturing in the 1980s.

However, Mr. Broadfoot said that Western companies had an edge in the more advanced technology and systems for infrastructure projects.

Japan is already encountering increased competition in export markets from products made in other East Asian countries where costs are lower.

And in a recent report, the Paris-based Organization for Economic Cooperation and Development said that a 30 percent rise in the

SCONTINVEST FUND MANAGEMENT COMPANY S.A.

18, Boulevard Royal
L-2449 LUXEMBOURG

NOTICE

The Board of Directors of SCONTINVEST FUND MANAGEMENT COMPANY S.A. has decided to open the compartment SCONTINVEST FUND - MULTICURRENCY FRENCH FRANC BOND as well as the compartment SCONTINVEST FUND - MULTICURRENCY MARK BOND for subscription as of January 5, 1994.

The initial subscription period shall be from January 5, 1994 until January 7, 1994 inclusive and the initial price per unit shall be respectively FF 5,000,- for SCONTINVEST FUND - MULTICURRENCY FRENCH FRANC BOND and DEM 1,000,- for SCONTINVEST FUND - MULTICURRENCY MARK BOND. The effective payment must be done on January 10, 1994 at the latest.

Furthermore, the board of directors of SCONTINVEST FUND MANAGEMENT COMPANY S.A., with the agreement of the Custodian Bank, has decided to amend articles 1, 2, 4, 5, 7, 8, 9, 10, 11 in line 12, 15, 16 and 17 of the Management Regulations. The prospectus has also been revised.

Finally, the unitholders of SCONTINVEST FUND - MULTICURRENCY BOND are hereby informed that the name of the compartment is changed into SCONTINVEST FUND - MULTICURRENCY SWISS FRANC BOND, being however understood that such change does not affect the current investment policy of the said compartment.

Updated Prospectuses and Management Regulation are available at the registered office of the Management Company.

The Board of Directors

CURRENCY & INTEREST RATES

| Cross Rates | | | | | | | | | |
|---------------|------|------|------|------|------|------|------|------|-------|
| | £ | DM | FF | HK\$ | Yen | S\$ | Yen | Ch | Point |
| Amsterdam | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Braunschweig | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Frankfurt | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| London (L) | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Madrid | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Milan | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| New York (NY) | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Paris | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Tokyo | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| Yokohama | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| 1 ECU | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |
| 1 SDR | 1.66 | 2.35 | 1.17 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 | 1.11 |

| Eurocurrency Deposits | | | | | | | | | |
|-----------------------|---------|----------|----------|--------|----------|----------|--|--|--|
| | 1 month | 3 months | 6 months | 1 year | 18 month | 24 month | | | |
| Dollar | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| D-Mark | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| Swiss Franc | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| Sterling | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| French Franc | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| Yen | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| ECU | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |

| Key Money Rates | | | | | | | | | |
|-----------------|---------|----------|----------|--------|----------|----------|--|--|--|
| | 1 month | 3 months | 6 months | 1 year | 18 month | 24 month | | | |
| Dollar | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| D-Mark | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| Swiss Franc | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| Sterling | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| French Franc | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| Yen | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |
| ECU | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | 4 1/4 | | | |

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

AVTOVAZ INC. TOGLIATTI
RUSSIAN FEDERATION

US \$ 150'000'000
MEDIUM-TERM REVOLVING
CREDIT FACILITY

FOR THE FINANCING OF THE ONGOING
INVESTMENT PROGRAMME OF AVTOVAZ,
RUSSIA'S LARGEST CAR MANUFACTURER

ARRANGED BY

FORUS FORUS
SERVICES SA
LAUSANNE - SWITZERLAND

DECEMBER 1993

Interest-Rate Drop Spurs Stocks' Gain

NEW YORK — Stock prices advanced Wednesday on lower interest rates and optimism about inflation.

The Dow Jones industrial average rose 17.04 to 3,762.19, just 2.34 points below the record of 3,764.43 set Dec. 13. Gains in Chevron...

Others are optimistic about the outlook for economic growth because of big declines in crude oil prices, although oil prices rose Wednesday.

Looking at what happened after oil prices fell in 1986, I think we can look forward to further solid growth in early 1994.

Oil stocks rallied as a North Sea Brent crude oil for February delivery surged 27 cents to \$13.74 a barrel.

Texas climbed 4 to 64 1/2. Royal Dutch Petroleum jumped 1 1/2 to 105. Chevron rose 1 1/2 to 87 1/2.

Intel shares surged 2 1/2 to 61 1/2 over-the-counter trading.

New Central Bank Chief Spurs Canadian Dollar

NEW YORK — The Canadian dollar rallied against the American dollar Wednesday on expectations that Gordon Thiessen, nominated to head the Bank of Canada, would be as committed to fighting inflation as his predecessor.

Mr. Thiessen, who is deputy governor at the central bank, will succeed John Crow, who has decided not to seek a second seven-year term.

Price stability will remain a priority under Thiessen, Tom Benfer, senior currency-market representative at the Bank of Montreal, said.

The Canadian dollar last traded at 74.82 U.S. cents, up from 74.58 cents late Tuesday.

Mr. Thiessen said he would make stable prices his chief objective when he succeeds Mr. Crow Feb. 1.

Relieved investors, some of whom had been concerned a new central bank chief might relax vigilance on inflation for the sake of growth, bought Canadian bonds and bills, pushing their yields lower.

The Dow



Daily closings of the Dow Jones industrial average

Dow Jones Averages

Table with columns: Index, Open, High, Low, Close, Change. Includes Industrial, Chemical, Financial, and Total.

Standard & Poor's Indexes

Table with columns: Index, High, Low, Close, Change. Includes Industrial, Chemical, Financial, and Total.

NYSE Indexes

Table with columns: Index, High, Low, Close, Change. Includes Composite, Industrial, Chemical, Financial, and Total.

NASDAQ Indexes

Table with columns: Index, High, Low, Close, Change. Includes Composite, Industrial, Chemical, Financial, and Total.

NYSE Most Actives

Table listing top active stocks on NYSE with columns: Symbol, Vol., High, Low, Last, Chg.

AMEX Most Actives

Table listing top active stocks on AMEX with columns: Symbol, Vol., High, Low, Last, Chg.

NYSE Diary

Table listing NYSE transactions with columns: Symbol, Price, Prev., Chg.

NASDAQ Diary

Table listing NASDAQ transactions with columns: Symbol, Price, Prev., Chg.

EUROPEAN FUTURES

Table listing European futures contracts with columns: Class, High, Low, Prev., Close.

Food

Table listing food futures contracts with columns: Class, High, Low, Prev., Close.

Metals

Table listing metal futures contracts with columns: Class, High, Low, Prev., Close.

Financial

Table listing financial futures contracts with columns: Class, High, Low, Prev., Close.

Stock Indexes

Table listing stock index futures contracts with columns: Class, High, Low, Prev., Close.

Spot Commodities

Table listing spot commodity prices with columns: Commodity, Today, Prev., Chg.

Dividends

Table listing dividend-paying stocks with columns: Company, Per Amt, Pay Rec.

U.S. FUTURES

Table listing U.S. futures contracts with columns: Season, Open, High, Low, Close, Chg.

Grains

Table listing grain futures contracts with columns: Class, Open, High, Low, Close, Chg.

SOYBEANS

Table listing soybean futures contracts with columns: Class, Open, High, Low, Close, Chg.

WHEAT

Table listing wheat futures contracts with columns: Class, Open, High, Low, Close, Chg.

COYBEANS

Table listing soybean futures contracts with columns: Class, Open, High, Low, Close, Chg.

Metals

Table listing metal futures contracts with columns: Class, Open, High, Low, Close, Chg.

Livestock

Table listing livestock futures contracts with columns: Class, Open, High, Low, Close, Chg.

U.S./AT THE CLOSE

IBM Returns to South Africa

JOHANNESBURG (Combined Dispatches) — South Africa's Information Services Group Ltd. said Wednesday that International Business Machines Corp. had taken a 24 percent stake in the group for 110.5 million rand (about \$32.6 million).

Marietta Buys General Dynamics Unit

WASHINGTON (AP) — Martin Marietta Corp. announced Wednesday it had agreed to buy General Dynamics Corp.'s Space Systems Division for \$208.5 million in cash.

UAL Stock Up as Board Weighs Offer

NEW YORK (Bloomberg) — UAL Corp.'s stock rose nearly 3 percent Wednesday as the company's board considered a \$5 billion offer from United Airlines employees for a majority stake in the airline.

Borden Denies Any Impending Sale

NEW YORK (Bloomberg) — Borden Inc., spooking speculation of an impending buyout, said Wednesday that it was not in talks to be acquired by anyone and would announce a comprehensive restructuring next month.

Wal-Mart Is to Stop Stocking Pistols

BENTONVILLE, Arkansas (AP) — Wal-Mart Stores Inc. will stop stocking pistols beginning Feb. 1, company officials said Wednesday. A spokesman said the decision was unrelated to a lawsuit contending Wal-Mart employees were negligent in selling a gun to a mentally disturbed man who was later accused of using the weapon to kill his parents.

Lawsuit in Safra Affair Is Dismissed

NEW YORK (Bloomberg) — A federal judge on Wednesday threw out a racketeering lawsuit that some American Express Co. shareholders had filed against several current and former company officers.

WORLD STOCK MARKETS

Table listing world stock market indices with columns: Index, Open, High, Low, Close, Chg.

Amsterdam

Table listing Amsterdam stock market data with columns: Symbol, Price, Prev., Chg.

Brussels

Table listing Brussels stock market data with columns: Symbol, Price, Prev., Chg.

Johannesburg

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London

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Milan

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Stockholm

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Montreal

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Frankfurt

Table listing Frankfurt stock market data with columns: Symbol, Price, Prev., Chg.

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German Union Gets Model Pact

IBM Deal Lengthens Workweek

AFP-Extel News
STUTTGART — The labor union DAG said Wednesday that it was offering to base its pay talks with other German computer companies on its agreement with IBM Deutschland, which lengthens the workweek to 38 hours from 36 and effectively cuts the hourly wage by about 6 percent.

A DAG management board member, Uwe Gudowius, said at a news conference called by the union and the International Business Machines Corp. unit to announce the wage accord: "We aim to offer this contract to other companies in the computer and information systems industry as a basis for their wage negotiations."

Mr. Gudowius added, "Such contracts can serve to save jobs."

The increase in working hours contrasts with the approach taken by labor and management at Volkswagen AG, who have agreed a cut in working hours, also in an attempt to save jobs.

DAG and the IBM unit, whose

Volvo Reported Ending Project With Renault

Completed by Our Staff From Dispatches
STOCKHOLM — Volvo AB will cancel its project to build a luxury car with Renault SA, Svenska Dagbladet reported Wednesday.

The newspaper said Volvo technicians believed the front of the car would not meet Volvo's safety standards.

Volvo and Renault called off a proposed merger this month after Volvo shareholders protested. The automakers' so-called P4 project, which began two years ago, was to build three models from a joint platform to replace Volvo's S50 and 900 series and Renault's top-of-the-line Safrane.

Volvo's technicians were displeased that the French automaker had been assigned to build the front of the car, while Volvo was given the simpler task of building the back.

(AFP, Bloomberg)

KLM to Watch Northwest Takeoff

U.S. Partner's Stock Offering Could Help Dutch Line

Bloomberg Business News
AMSTERDAM — Northwest Airlines is about to go public again, and no one is looking forward to it more than KLM Royal Dutch Airlines.

If Northwest's public offering succeeds, KLM, which owns a substantial stake in the carrier, will be well positioned for an equity offering of its own, bankers and securities analysts in America and the Netherlands say.

"Any improvement in the health of Northwest is good news for KLM," Thomas Longman, an airlines analyst at Bear Stearns Cos. in New York, said. "If Northwest uses the additional cash to improve its system, that indirectly benefits KLM."

Several bankers and analysts have said that Northwest, the fourth-largest airline in the United States, plans to file for a public offering of as much as \$1 billion in equity and debt, possibly this week.

The airline, which used to be a publicly listed company, was taken private in 1989 by the financiers Alfred Checchi and Gary Wilson. They set up a holding company, Wings Holdings Inc., which recently was renamed Northwest Airlines Corp.

Airline analysts say proceeds from an offering would be used to reduce the \$3 billion airline still owes from that 1989 leveraged buyout.

Northwest declined to comment, but a banker familiar with the airline's strategy said last month that the carrier intended to file with the Securities and Exchange Commission for a debt offering of between \$300

million and \$500 million and an equity offering in the same range.

Securities analysts were cautious in their assessments of the Northwest offering.

Paul Davner, an analyst with BDS Securities in New York, said the recent agreement at United Airlines to sell the company to its employees could reduce the attractiveness of Northwest's shares and debt.

United intends to give its workers as much as 63 percent of its stock in return for a six-

"I don't think they'll be able to raise the kind of money they're counting on. Northwest is far from being a low-cost carrier."

Paul Davner, BDS Securities

year package of wage cuts and work-rule changes valued at \$5 billion. That could spoil Northwest's plans by diminishing the competitive advantage it appeared to gain last summer when its employees agreed to almost \$900 million in wage and benefit cuts over the next three years.

"I think Northwest has a tough sell, particularly if the United deal goes through," Mr. Davner said. "I don't think they'll be able to

raise the kind of money they're counting on. The competitive elements of this business are changing daily, and Northwest is far from being a low-cost carrier."

Nowhere is the Northwest offering being watched with more interest than in Amsterdam, where the U.S. airline's success is seen as crucial to KLM's future.

KLM has invested more than \$400 million in Northwest in the two years the carriers have been coordinating schedules, sharing revenues and dividing costs on certain flights, moving gradually toward a unified operation.

In 1990, the Dutch carrier took a 20 percent stake in Northwest and acquired 10 percent of the voting rights in the holding company, all for about \$100 million.

KLM's relationship with Northwest was the rock on which the Alcazar merger talks foundered last month. The negotiations, which were supposed to join Swissair, Austrian Airlines, Scandinavian Airlines System and KLM, broke down when the other three partners insisted that Delta Air Lines, a much larger U.S. carrier, be their American affiliate and KLM held out for a link with Northwest.

KLM denies that it is planning to place additional shares up for sale. But last month, after the collapse of the Alcazar talks, its president, Pieter Bouw, said the airline would go to the market "when the time is right" to strengthen its ability to grow.

The Dutch government has already shown support for a KLM share issue by expressing a willingness to buy 38.2 percent of the new shares.

| Investor's Europe | | | | |
|-----------------------|-----------------------|--------------|--|--|
| Frankfurt DAX | London FTSE 100 Index | Paris CAC 40 | | |
| 2200 | 2800 | 2200 | | |
| 2100 | 2700 | 2100 | | |
| 2000 | 2600 | 2000 | | |
| 1900 | 2500 | 1900 | | |
| 1800 | 2400 | 1800 | | |
| 1700 | 2300 | 1700 | | |
| Sources: Reuters, AFP | | | | |

| Exchange | Index | Wednesday Close | Prev. Close | % Change |
|-----------|--------------------|-----------------|-------------|----------|
| Amsterdam | CBS Trend | 146.70 | 145.80 | +0.62 |
| Brussels | Stock Index | 7,385.70 | 7,360.95 | +0.34 |
| Frankfurt | DAX | 2,197.51 | 2,182.93 | +0.67 |
| Frankfurt | FAZ | 835.00 | 832.04 | +0.36 |
| Helsinki | HEX | 1,557.58 | 1,548.93 | +0.56 |
| London | Financial Times 30 | 2,513.90 | 2,500.90 | +0.20 |
| London | FTSE 100 | 3,355.78 | 3,342.40 | +0.40 |
| Madrid | General Index | 317.84 | 316.58 | +0.40 |
| Milan | MIB | 1,357.00 | 1,339.00 | +1.34 |
| Paris | CAC 40 | 2,225.79 | 2,215.88 | +0.45 |
| Stockholm | Affarsvearden | 1,602.57 | 1,600.37 | +0.14 |
| Vienna | Stock Index | 466.74 | 465.98 | +0.16 |
| Zurich | SBS | 1,003.27 | 995.91 | +0.74 |

European Laws Are Advancing

Reuters
BRUSSELS — The European Commission said Wednesday that progress was being made by EC states in implementing laws aimed at achieving a single market.

It added, however, that there were delays in some sectors, notably company law.

The commission said that around 87 percent of national measures needed to implement 219 EC laws had been adopted and that more than half the laws had been implemented in all member states.

"The trend appears to be positive again," it said.

Member states have implemented laws on the free movement of capital and on excise duties and nearly completed measures on company taxation and value added tax.

IMF to Yeltsin: Help the Poor

By Steven Greenhouse
New York Times Service
WASHINGTON — Officials of the International Monetary Fund have said that they are considering loosening their conditions for releasing aid to Russia, but at the same time they called on President Boris N. Yeltsin to spend more on the poor and less on propping up inefficient state industries.

One option that aid officials are exploring would be for Western governments and the World Bank to step up aid for privatization and support for the poor, even if Russia fails to meet its IMF inflation targets.

Western aid officials believe that Russia's living standards will continue to suffer unless it pushes ahead with broad-based reforms, including privatization and creating a Western-style banking system. They also assert that failing to bring inflation under control would be a recipe for economic and political disaster.

Russia has so far received only about \$10 billion of the \$28 billion in aid that the major industrial nations, known as the Group of Seven, pledged to provide at a meeting in April in Tokyo.

Of that, the IMF has provided just \$1.5 billion of the \$13 billion it was expected to provide, largely because Russia has fallen far short of satisfying the goals it promised to meet in an agreement Moscow signed in May with the monetary fund.

Russia pledged to reduce its inflation rate to 10 percent a month by this fall.

But limiting the credits would mean closing some industries, throwing Russians out of work with little help in finding new jobs or supporting their families.

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Very briefly:

- Colgate-Palmolive Co.'s Hungarian venture has purchased most of the assets of the Hungarian cosmetics manufacturer Fabulon from Richter Geleon, the latter company said; terms were not disclosed.
- Fokker NV needs "drastic" restructuring to cut the price of its aircraft by 30 percent over three years, the company's chief executive, Erik-Jan Nederkoorn, said; he said he expected Fokker to return to profit in 1995.
- Heinekun NV said it was acquiring a 52.3 percent stake in the Swiss brewer Brauerei Haldengut for an undisclosed sum.
- The Belgian National Bank, heartened by a stronger franc, cut its key central interest rate by 10 basis points to 7.40 percent.
- Iberia participated in talks in Buenos Aires on Aerolineas Argentinas, which the Spanish carrier operates, and Argentina's economy minister, Domingo Cavallo, said afterward he was confident the airline would survive financial problems; further talks are due in January.
- Lasmo PLC announced the sale of a package of oil and gas assets off Britain to Powergen PLC for £123 million (\$183.1 million), subject to consent of the Trade Ministry and other companies involved in the deal.

One-Step Sell-Off for Elf

AFP-Extel News
PARIS — The privatization of Elf Aquitaine, France's state-controlled oil company, will probably take place in one single step, Economy Minister Edmond Alphandery said in an interview published Wednesday.

There had been speculation in financial markets that the size of the Elf sell-off would mean that it would have to take place in stages.

In an interview with the newspaper Le Monde, Mr. Alphandery also said that a group of stable shareholders will probably have a stake of around 10 percent in Elf after the sale, with the state retaining 10 to 15 percent. The state now owns 50.78 percent of Elf, which has a market capitalization of more than 100 billion francs (\$17.2 billion).

Mr. Alphandery said the main factor determining the timing of the sell-off will be stock market conditions, rather than the state of the oil market, where prices have been very weak. The Elf sale is scheduled for sometime during the first few months of 1994.

NASDAQ

Wednesday's Prices
 NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

| 12 Month High | Low | Stock | Div | Yld | PE | 52 Wk High | 52 Wk Low | Latest | Chg |
|--------------------|--------------------|-------------|------|-----|--------------------|--------------------|--------------------|--------------------|-----|
| 170 | 160 | IBM | 3.20 | 1.9 | 12 | 170 | 160 | 165 | + |
| 120 | 110 | Microsoft | 0.00 | 0.0 | 15 | 120 | 110 | 115 | + |
| 80 | 70 | Oracle | 0.00 | 0.0 | 10 | 80 | 70 | 75 | + |
| 60 | 50 | Sun | 0.00 | 0.0 | 8 | 60 | 50 | 55 | + |
| 40 | 30 | Lucent | 0.00 | 0.0 | 6 | 40 | 30 | 35 | + |
| 20 | 10 | Verizon | 0.00 | 0.0 | 4 | 20 | 10 | 15 | + |
| 10 | 5 | WorldCom | 0.00 | 0.0 | 3 | 10 | 5 | 7 | + |
| 5 | 2 | Qwest | 0.00 | 0.0 | 2 | 5 | 2 | 3 | + |
| 2 | 1 | Level 3 | 0.00 | 0.0 | 1 | 2 | 1 | 1.5 | + |
| 1 | 0.5 | Windstream | 0.00 | 0.0 | 0.5 | 1 | 0.5 | 0.7 | + |
| 0.5 | 0.2 | CenturyLink | 0.00 | 0.0 | 0.2 | 0.5 | 0.2 | 0.3 | + |
| 0.2 | 0.1 | Sprint | 0.00 | 0.0 | 0.1 | 0.2 | 0.1 | 0.15 | + |
| 0.1 | 0.05 | AT&T | 0.00 | 0.0 | 0.05 | 0.1 | 0.05 | 0.07 | + |
| 0.05 | 0.02 | Time Warner | 0.00 | 0.0 | 0.02 | 0.05 | 0.02 | 0.03 | + |
| 0.02 | 0.01 | Comcast | 0.00 | 0.0 | 0.01 | 0.02 | 0.01 | 0.015 | + |
| 0.01 | 0.005 | Charter | 0.00 | 0.0 | 0.005 | 0.01 | 0.005 | 0.007 | + |
| 0.005 | 0.002 | Media | 0.00 | 0.0 | 0.002 | 0.005 | 0.002 | 0.003 | + |
| 0.002 | 0.001 | Discovery | 0.00 | 0.0 | 0.001 | 0.002 | 0.001 | 0.0015 | + |
| 0.001 | 0.0005 | ESPN | 0.00 | 0.0 | 0.0005 | 0.001 | 0.0005 | 0.0007 | + |
| 0.0005 | 0.0002 | Turner | 0.00 | 0.0 | 0.0002 | 0.0005 | 0.0002 | 0.0003 | + |
| 0.0002 | 0.0001 | Time Warner | 0.00 | 0.0 | 0.0001 | 0.0002 | 0.0001 | 0.00015 | + |
| 0.0001 | 0.00005 | Comcast | 0.00 | 0.0 | 0.00005 | 0.0001 | 0.00005 | 0.00007 | + |
| 0.00005 | 0.00002 | Charter | 0.00 | 0.0 | 0.00002 | 0.00005 | 0.00002 | 0.00003 | + |
| 0.00002 | 0.00001 | Media | 0.00 | 0.0 | 0.00001 | 0.00002 | 0.00001 | 0.000015 | + |
| 0.00001 | 0.000005 | Discovery | 0.00 | 0.0 | 0.000005 | 0.00001 | 0.000005 | 0.000007 | + |
| 0.000005 | 0.000002 | ESPN | 0.00 | 0.0 | 0.000002 | 0.000005 | 0.000002 | 0.000003 | + |
| 0.000002 | 0.000001 | Turner | 0.00 | 0.0 | 0.000001 | 0.000002 | 0.000001 | 0.0000015 | + |
| 0.000001 | 0.0000005 | Time Warner | 0.00 | 0.0 | 0.0000005 | 0.000001 | 0.0000005 | 0.0000007 | + |
| 0.0000005 | 0.0000002 | Comcast | 0.00 | 0.0 | 0.0000002 | 0.0000005 | 0.0000002 | 0.0000003 | + |
| 0.0000002 | 0.0000001 | Charter | 0.00 | 0.0 | 0.0000001 | 0.0000002 | 0.0000001 | 0.00000015 | + |
| 0.0000001 | 0.00000005 | Media | 0.00 | 0.0 | 0.00000005 | 0.0000001 | 0.00000005 | 0.00000007 | + |
| 0.00000005 | 0.00000002 | Discovery | 0.00 | 0.0 | 0.00000002 | 0.00000005 | 0.00000002 | 0.00000003 | + |
| 0.00000002 | 0.00000001 | ESPN | 0.00 | 0.0 | 0.00000001 | 0.00000002 | 0.00000001 | 0.000000015 | + |
| 0.00000001 | 0.000000005 | Turner | 0.00 | 0.0 | 0.000000005 | 0.00000001 | 0.000000005 | 0.000000007 | + |
| 0.000000005 | 0.000000002 | Time Warner | 0.00 | 0.0 | 0.000000002 | 0.000000005 | 0.000000002 | 0.000000003 | + |
| 0.000000002 | 0.000000001 | Comcast | 0.00 | 0.0 | 0.000000001 | 0.000000002 | 0.000000001 | 0.0000000015 | + |
| 0.000000001 | 0.0000000005 | Charter | 0.00 | 0.0 | 0.0000000005 | 0.000000001 | 0.0000000005 | 0.0000000007 | + |
| 0.0000000005 | 0.0000000002 | Media | 0.00 | 0.0 | 0.0000000002 | 0.0000000005 | 0.0000000002 | 0.0000000003 | + |
| 0.0000000002 | 0.0000000001 | Discovery | 0.00 | 0.0 | 0.0000000001 | 0.0000000002 | 0.0000000001 | 0.00000000015 | + |
| 0.0000000001 | 0.00000000005 | ESPN | 0.00 | 0.0 | 0.00000000005 | 0.0000000001 | 0.00000000005 | 0.00000000007 | + |
| 0.00000000005 | 0.00000000002 | Turner | 0.00 | 0.0 | 0.00000000002 | 0.00000000005 | 0.00000000002 | 0.00000000003 | + |
| 0.00000000002 | 0.00000000001 | Time Warner | 0.00 | 0.0 | 0.00000000001 | 0.00000000002 | 0.00000000001 | 0.000000000015 | + |
| 0.00000000001 | 0.000000000005 | Comcast | 0.00 | 0.0 | 0.000000000005 | 0.00000000001 | 0.000000000005 | 0.000000000007 | + |
| 0.000000000005 | 0.000000000002 | Charter | 0.00 | 0.0 | 0.000000000002 | 0.000000000005 | 0.000000000002 | 0.000000000003 | + |
| 0.000000000002 | 0.000000000001 | Media | 0.00 | 0.0 | 0.000000000001 | 0.000000000002 | 0.000000000001 | 0.0000000000015 | + |
| 0.000000000001 | 0.0000000000005 | Discovery | 0.00 | 0.0 | 0.0000000000005 | 0.000000000001 | 0.0000000000005 | 0.0000000000007 | + |
| 0.0000000000005 | 0.0000000000002 | ESPN | 0.00 | 0.0 | 0.0000000000002 | 0.0000000000005 | 0.0000000000002 | 0.0000000000003 | + |
| 0.0000000000002 | 0.0000000000001 | Turner | 0.00 | 0.0 | 0.0000000000001 | 0.0000000000002 | 0.0000000000001 | 0.00000000000015 | + |
| 0.0000000000001 | 0.00000000000005 | Time Warner | 0.00 | 0.0 | 0.00000000000005 | 0.0000000000001 | 0.00000000000005 | 0.00000000000007 | + |
| 0.00000000000005 | 0.00000000000002 | Comcast | 0.00 | 0.0 | 0.00000000000002 | 0.00000000000005 | 0.00000000000002 | 0.00000000000003 | + |
| 0.00000000000002 | 0.00000000000001 | Charter | 0.00 | 0.0 | 0.00000000000001 | 0.00000000000002 | 0.00000000000001 | 0.000000000000015 | + |
| 0.00000000000001 | 0.000000000000005 | Media | 0.00 | 0.0 | 0.000000000000005 | 0.00000000000001 | 0.000000000000005 | 0.000000000000007 | + |
| 0.000000000000005 | 0.000000000000002 | Discovery | 0.00 | 0.0 | 0.000000000000002 | 0.000000000000005 | 0.000000000000002 | 0.000000000000003 | + |
| 0.000000000000002 | 0.000000000000001 | ESPN | 0.00 | 0.0 | 0.000000000000001 | 0.000000000000002 | 0.000000000000001 | 0.0000000000000015 | + |
| 0.000000000000001 | 0.0000000000000005 | Turner | 0.00 | 0.0 | 0.0000000000000005 | 0.000000000000001 | 0.0000000000000005 | 0.0000000000000007 | + |
| 0.0000000000000005 | 0.0000000000000002 | Time Warner | 0.00 | 0.0 | 0.0000000000000002 | 0.0000000000000005 | 0.0000000000000002 | 0.0000000000000003 | + |
| 0.0000000000000002 | 0.0000000000000001 | Comcast | 0.00 | 0.0 | 0.0000000000000001 | 0.00000000 | | | |

Washington Raises Pressure on Tokyo Over Market Access

Compiled by Our Staff From Dispatches
TOKYO — A U.S. official warned Wednesday that relations between the United States and Japan would sour if they failed to get "concrete results" out of a framework for trade talks by the time of a summit meeting in February.

Jeffrey Garten, U.S. under secretary of commerce for international trade, told reporters here: "We not only want to see some progress, but want progress to be in the form of concrete results."
Under the framework started in July by President Bill Clinton and Kichiro Miyazawa, who was then Japan's prime minister, the two countries made a commitment to reduce Japan's huge trade surplus with the United States.

After Mr. Garten's talks in Tokyo, it appeared the two sides remained divided over the question of so-called "objective criteria" for U.S. penetration of Japanese markets, with Tokyo continuing to reject the idea of numerical targets.
The framework is expected to be one of the major topics when Prime Minister Morihiro Hosokawa and Mr. Clinton hold talks in February.

But Mr. Garten said: "It's going to be extremely important to make progress on the framework issues starting right now. Flexibility to go easier on trade, in my view, is almost nonexistent."
"If the summit fails to produce concrete results, I think that we are in for a very difficult several years," he said. "We don't want to have negotiations which are evaporating into air."

Japan's deputy minister for international affairs at the Ministry of International Trade and Industry acknowledged Wednesday that a gap remained in the trade talks.
"The difference between the two countries' proposals is still wide,"

Gold Rush in Asia Bonds Executives Are Scooping Up Rich Paychecks

Bloomberg Business News
HONG KONG — Asia's rapidly emerging bond market has prompted a bidding war among foreign financial houses in Hong Kong for executives who know fixed-income securities.

In recent months, Morgan Stanley, Merrill Lynch and Goldman Sachs have all paid top dollar for executives brought on to beef up their debt securities expertise. One reason is that the volume of Hong Kong dollar-denominated debt securities by local and international companies has hit 20 billion dollars (\$2.6 billion) this year, double the 1992 figure.

In addition, the market for dragon bonds has hit \$2.9 billion this year, up from the \$700 million between October 1991, when the first dragon was issued, and the end of 1992. Dragon bonds are issues sold and listed in Asia outside of Japan and denominated in currencies from outside the region.
Bond underwriters will be even busier in the years ahead, thanks to the estimated \$1 trillion needed to bankroll infrastructure projects in the Asia-Pacific region, according to Merrill Lynch.

"New firms are coming into the market from Europe and the U.S. The existing ones are staffing up. And the dearth of qualified people has resulted in prices being driven up" for hiring such people, said Scott Hall, managing director of Burns Hall Asia Ltd., an executive search firm in Hong Kong.

Headhunters say that total compensation packages — including bonuses, housing allowances and

Big Koreans Plan Boom in Investment

Reuters
SEOUL — South Korea's top three conglomerates, expecting a boom in domestic and overseas markets, on Wednesday announced plans for ambitious investment increases in 1994.

Hyundai Group announced a whopping 119.5 percent increase to 4.5 trillion won (\$5.56 billion). Spokesmen for Daewoo Group and Samsung Group said their employers would increase investment 44 percent and 21 percent respectively.

A Hyundai spokesman, Kim Sang Myun, said the increase covered plant expansion and technological development. "We want to be prepared for a booming time," he said.
The group expects capital investment to rise to 3.3 trillion won in 1994 from this year's 1.37 trillion. Investment for research and development will nearly double to 1.2 trillion won.

Hyundai expects to post 48 trillion won (\$59.26 billion) in sales this year, and the spokesman said the 1994 figure would be at least 10 percent higher.
Daewoo said it would raise investment to 2.85 trillion won next year. A spokesman, Lee Jong Sang, said Daewoo planned to increase capital investment to 1.73 trillion won in 1994 from this year's 1.16 trillion. Technological investment would rise to 1.12 trillion won from 825 billion.

Daewoo said it expected sales to rise about 30 percent to 35.5 trillion won next year.
Samsung said it would raise investment to 4.6 trillion won in 1994. A spokesman, Suh Jung Dae, said it expected capital investment to rise to 3.3 trillion won in 1994 from this year's 2.7 trillion, and R&D investment to grow to 1.3 trillion won from 1.1 trillion.

Investor's Asia

| Exchange | Index | Wednesday Close | Pro. Close | % Change |
|--------------|-----------------|-----------------|------------|----------|
| Hong Kong | Hang Seng | 10,707.80 | 10,524.20 | +1.75 |
| Singapore | Straits Times | 2,273.95 | 2,276.89 | -0.13 |
| Sydney | All Ordinaries | 2,053.20 | 2,067.00 | -0.67 |
| Tokyo | Nikkei 225 | 17,445.74 | 17,316.34 | +0.75 |
| Kuala Lumpur | Composite | 1,121.38 | 1,096.61 | +2.26 |
| Bangkok | SET | 1,523.75 | 1,507.23 | +1.10 |
| Seoul | Composite Stock | 868.60 | 865.79 | +0.32 |
| Taipei | Weighted Price | 5,474.75 | 5,245.87 | +4.36 |
| Manila | Composite | 2,897.83 | 2,836.28 | +2.17 |
| Jakarta | Stock Index | 580.07 | 552.20 | +0.39 |
| New Zealand | NZSE-40 | 2,071.78 | 2,046.97 | +1.21 |
| Bombay | National Index | Closed | | |

Sources: Reuters, AFP. International Herald Tribune

Very briefly:

- TelecomAsia Corp. became the biggest capitalized share on the Bangkok exchange by more than doubling in price in the first few minutes of trade; capitalization totaled 258.6 billion baht (\$10.16 billion), as the stock, offered at 55 baht, jumped as high as 125 before closing at 116.
- Playmates International Holdings Ltd., creator of the Teenage Mutant Ninja Turtles toys, said it was splitting into two separately listed companies for toys and real estate. Playmates Toys Holdings Ltd. and Playmates Properties Holdings Ltd.
- Sony Corp. plans to supply notebook personal computers to Dell Computer Corp. of the United States beginning next summer.
- Peninsular & Oriental Steam Navigation Co. sold a 9.47 percent stake in Modern Terminals Ltd., a Hong Kong container port, for 1.35 billion Hong Kong dollars (\$174.7 million); P&O did not disclose the buyer.
- Taiwan could open its rice market in July 1995, said Sun Ming-hsien, chairman of the Council of Agriculture.
- Toyota Motor Corp.'s president, Taisuro Toyoda, said the company plans to raise overseas production to 1.4 million vehicles by 1996, from 880,000 units in 1993 and 1.02 million in 1994.

\$1 Billion Australian Grocery Merger Collapses

Reuters
SYDNEY — An ambitious four-way merger plan to form a new force in the Australian grocery business crumbled on Wednesday when a second partner defected.

The Adelaide-based food wholesaler Independent Holdings Ltd. said it had withdrawn from a plan to merge with Foodland Associated Ltd. and Composite Buyers Ltd.
The three companies originally were to have formed, along with Davids Holdings Pty., a company with capitalization of 1.4 billion dollars (\$953 million) that would have been the second largest retailer in Australia's 40 billion dollar grocery market. Those plans were dealt a blow on Monday when Davids withdrew.

John Patten, managing director of Independent Holdings, said the departure of Davids had greatly reduced the benefits of a merger for IHL's shareholders.

Foodland Associated, the Perth-based company that announced the proposed merger in August, said the combined forces of the four companies would have created a single group with revenue of over 8.5 billion dollars, challenging Woolworths Ltd. and behind Coles Myer Ltd.
But the talks ran into regulatory snags and Foodland said Monday it expected the Trade Practices Commission, an anti-monopoly body, not to make a final decision until April 1994, making the offer unattractive to Davids.
Analysts still expect Australia's food industry to rationalize from its current band of small independent grocery wholesalers, but with a different mix of companies forming alliances.

SHANGHAI: From World of Rickshaws and Lilongs to Subways and High-Rise Buildings

Continued from Page 1
was the year Mr. Deng cemented his comeback after the death of Mao in 1976.

By leaving Shanghai out of the economic plan, Mr. Deng acknowledged, he consigned it to another generation of poverty. Had he acted earlier, he said, "the situation in the Yangtze delta, the whole Yangtze Valley, indeed in all of China would be quite different."
How could anyone have known then what history would prove, struggled Xu Kungui, the deputy mayor. "It would have been impossible," he said, for Mr. Deng to have gambled with an economic experiment in Shanghai only to see it fail. "To lose the experiment would be to lose perhaps 25 percent of China's GNP."

In April 1990, after a meeting of the Central Committee, the State Council removed the constraints on trade and investment that had kept Shanghai behind.
The special regulations that had enabled the coastal provinces to take off were extended to Shanghai: tax exemptions for enterprises doing business with foreign companies, tax holidays for factories set up with foreign investment and a bonded zone for duty-free imports of raw materials.
Beijing said it would help pay for the modernization of public works. That was three years ago, and Mr. Deng was still struggling against party ideologues who opposed reform, especially as China coiled itself in isolation after the crushing of campaigners for democracy in June 1989.

But because the first economic experiments in Guangzhou, Zhejiang, Fujian and Hainan provinces were wildly successful, Mr. Deng could push ahead.
Whether Shanghai can rival its position of old is much contested. Some foreign investors have begun to complain that the city is gouging arrivals by more than doubling the price of leases in industrial zones.

Although foreign investment still seems to be rushing in, a number of companies have reportedly considered Shanghai and rejected it.
Still, the city's vigorous Mayor Ju likes to point out that while Shanghai stood by in the 1980s, it attracted only \$3.3 billion in foreign investment.
But with the establishment of a "special economic zone" in Shanghai, that same sum arrived in a single year, 1992. And this year is headed off the charts, with \$6 billion in the first 10 months.

One thing is certain, Shanghai is not getting any cheaper. With the stampede of Western and Asian corporations, the price of prime office space has soared. Corporate executives are working out of closet-sized spaces, and two-bedroom apartments go for \$8,000 a month or more.
Although wages in Shanghai are equivalent to turn-of-the-century wages in the United States, they have doubled since 1990 and quadrupled since 1985.

But costs aside, almost nothing could begin without the foundations of a modern city.
Shanghai is a city laid out for rickshaws. "Modernization" under communism replaced them with 7 million bicycles and 300,000 cars, one-tenth the number New York City, but on Shanghai's antiquated roads enough to choke them with near-constant gridlock. A trip across town can take three hours.

Now, nearly 24 months ahead of schedule, the city is putting the finishing touches on \$14 billion

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It is understood that EGOH will prepare a short list of the Contractors who will be considered qualified to execute the project based on the studies for their forms.
The project particulars are as follows:
1) LOCATION : Elephantine Island, Aswan.
2) AREA : Site area is approximately 14 acres.
3) SCOPE OF WORK : The Construction, Commissioning & maintenance of a 5-Star 300 room hotel resort comprising 24 levels including Public Areas, Restaurants, Reception Areas, Shops, Bars, Health Club, etc. as well as external outdoor facilities that include but not limited to: Squash Courts, Tennis Courts, Swimming Pool, Terraces, Ponds, Foot Paths, etc., as well as the Supporting Services, Buildings, arrival jetties & resident Staff Apartments. Total built-up area is approximately 30,000 m².
4) NAME OF THE CONSULTING ENGINEER: SH. ARCHITECTS SALEH HAMDY 4, Abd El-Meguid El-Remaly St. Cairo - Fax: 3549095.
5) ANTICIPATED PROGRAMME:
A) TENDER ISSUE: March, 1994.
B) TENDER SUBMISSION: May, 1994.
C) CONTRACT AWARD: June, 1994.
D) POSSESSION OF SITE & ORDER TO COMMENCE: No later than 30/6/1994.

Osaka Credit Firm Files for Bankruptcy

Agence France-Press
TOKYO — A nonbank financial institution filed for bankruptcy Wednesday with liabilities of 250 billion yen (\$2.3 billion).
Easy Capital and Consultants Co. in Osaka filed for protection from creditors after accumulating bad loans and investing excessively in real estate, press reports said.

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NYSE

Wednesday's Closing Tables include the nationwide price up to the closing on Wall Street and do not reflect the trading elsewhere. See The Associated Press.

Table with columns for 12 Month High, Low, Stock, Div, Yld PE, High, Low, Last, Change. Lists various stock prices and market data.

Table with columns for 12 Month High, Low, Stock, Div, Yld PE, High, Low, Last, Change. Lists various stock prices and market data.

DISNEY: European Park Will Fold if Rescue Talks Fail, Auditors Say

Continued from Page 1... might be unable to continue as a going concern if the restructuring were not completed, Euro Disney said. But the Paris bourse reacted with a renewed bout of anxiety over Euro Disney, sending its shares plunging more than 4 percent to 34.05 francs.

Table with columns for 12 Month High, Low, Stock, Div, Yld PE, High, Low, Last, Change. Lists various stock prices and market data.

INTERNATIONAL FUNDS

Large table listing various international funds with columns for fund name, share price, and other details. Includes sub-sections like 'INTERNATIONAL FUNDS' and 'Other Funds'.

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SPORTS

Rockets and Sonics Show Their Class in the Clutch

The Houston Rockets and the Seattle SuperSonics, who between them have just three losses in 45 games, are showing an uncanny ability to hit big shots at the end of the few close ones they've played.

The two teams with the National Basketball Association's best records both won again Tuesday night, with Houston prevailing, 90-88, in San Antonio to improve to 22-1, and Seattle defeating Indiana, 91-88, to run its record to 20-2 overall and 12-0 at home.

The Rockets had the toughest time, trailing by 88-83 with 2:46 remaining in front of 32,631 fans at the Alamodome. Hakim Olajuwon scored for Houston before Vernon Maxwell, who finished with 35 points, tied it with a 3-pointer with 27 seconds left and then won it at the buzzer.

Despite Olajuwon's 21 points, the Rockets' coach, Rudy Tomjanovich, wanted Maxwell to take the last shot. Tomjanovich didn't even call a play when the Rockets were in a huddle during a timeout.

"I just told him that we were going to get the ball in his hands," Tomjanovich said. "I told him, 'No

play whatsoever, just go out and do it. Go get it.' And he did."

Maxwell's shot came after Houston called time out with 3.1 seconds. The teams battled through 15 ties — 11 in the second half — and 16 lead changes.

"Rudy just told me to get open, make something happen and take a good shot," Maxwell said. "I did, and luckily it went in."

With their 22-1 start, the Rockets are just one victory shy of tying the 1969-70 New York Knicks for the

Nets 85, Knicks 81: Kenny Anderson missed 12 of his first 15 shots, then scored eight of his 14 points in the final 1:33, helping New Jersey beat New York.

Derrick Coleman had 29 points and 16 rebounds and combined with Anderson for the Nets' final 11 points as they won their third in a row at home.

Patrick Ewing, who had 23 points and 12 rebounds, hit a 3-pointer to make it 82-80 with 14 seconds to play. But the Knicks missed several opportunities in the closing seconds.

Cavaliers 112, Jazz 97: Brad Daugherty overcame the effects of an inner-ear disorder and scored 26 points for Cleveland against Utah, whose four-game winning streak ended.

Jeff Malone scored 21 points for the Jazz, but Karl Malone was held to 15, only the second time in 25 games he scored less than 20.

Daugherty has been diagnosed with vertigo, an inner-ear disturbance that can affect one's balance. He had been shooting 46 percent — far below his career mark of 56 percent — but sank 10 of 16 shots Tuesday.

NBA HIGHLIGHTS

best record with one defeat in NBA history. Houston plays host to Denver on Thursday night.

David Robinson led San Antonio with 20 points, 13 rebounds and six steals, but the Rockets held him to 5-for-30 shooting.

"It's very frustrating," Robinson said. "We had Seattle where we wanted them" in a 109-107 overtime loss at home on Dec. 8. "We had Houston where we wanted them. It was just a series of bad events. We're not really executing down the stretch."

SuperSonics 91, Pacers 88: Seattle got two baskets from Kendall Gill in the final 1:10 and beat Indiana despite playing without Ricky Pierce in the final quarter, and Shawn Kemp for the game because of a knee injury.

Pierce was ejected for fighting with Byron Scott of the Pacers at the end of the third quarter. Scott was not thrown out of the game because he did not throw a punch.

Sam Perkins scored 23 points and Gary Payton 19 for Seattle, but it was Gill who scored the important points at the end.

With only one second left on the 24-second clock, Nate McMillan inbounded the ball to Gill under the basket, and he scored on a dunk for an 88-85 lead with 1:10 to go.

After Derrick McKey's free throw for the Pacers, Gill sank a 15-footer with 33 seconds left for a 90-86 Seattle lead.

Traill Blazers 100, Warriors 98: Portland rallied from a 21-point deficit to win at Golden State when Rod Strickland scooped in a layup with 0.2 seconds remaining.

The Blazers, who had put Clyde Drexler on the injured list earlier in the day because of an ankle injury, took advantage of 2-for-15 shooting by the Warriors' Chris Mullin, who finished with seven points in his third game since coming back from thumb surgery. Mullin scored 23 points in his first outing, but was 2-for-11 in his second.

Lakers 109, Magic 102: Los Angeles rallied from a 15-2 deficit to win at Orlando, scoring 100 points for the first time in nine games.

Doug Christie scored 31 for the Lakers, who out rebounded the Magic, 49-38, and made 10 of 11 from the foul line in the last 2:14.

Vlade Divac, who had 17 points and 11 rebounds, hit a 17-footer (5 meters) after Donald Roy's layup closed the Magic to 104-102 with 40 seconds remaining.

Shaquille O'Neal scored 33 points for Orlando, but he wasn't able to carry the team down the stretch despite scoring five of the Magic's last seven points.

It's Arizona vs. Boston, Both Sporting 7-0 Records

Both teams would likely be on guard when No. 13 Arizona and No. 18 Boston College squared off Wednesday night in the semifinals of the Maui Invitational in Lahaina, Hawaii.

The backcourts would be the main attraction coming off impressive performances in Tuesday's opening-round victories that put both teams at 7-0.

Khalid Reeves had a career-high 32 points and his partner Damon Stoudamire added 16 in Arizona's 99-79 victory over pesky Notre Dame.

Howard Easley had 20 points and eight assists and Malcolm Hucksby added 10 points and six assists as both saw limited time in the Eagles'

108-61 victory over host Chaminade.

"This is going to be known as the tournament of stellar backcourts," said Notre Dame's coach, John MacLeod, whose team has lost to both schools this season. "It's going to be a great contest. Boston College kept us at bay. They are so experienced and so deep. They have speed and everything."

MacLeod went deep into the theatrics to talk about Reeves. "He's a great player, a rocket, a hyper jet," MacLeod said. "There's lots of horsepower in that guy."

In the other semifinal matchup, fifth-ranked Kentucky, which beat Texas, 86-61, will play Ohio State,

a 98-77 winner over Tennessee Tech.

Arizona couldn't put Notre Dame (2-4) away until the final four minutes. The Wildcats finally took control by forcing turnovers and scoring easy baskets.

Notre Dame got the lead down to 82-76, but Reeves scored the next five points, the last three on his fifth 3-pointer of the game that gave him his career high, one point better than his effort against Oregon State last season. He was 5-for-7 from 3-point range.

Stoudamire hit a 3-pointer with 3:41 left to make it 90-77 and Notre Dame was out of control.

Monty Williams led Notre Dame with 24 points, just off his 28-point average.

No. 18 Boston College 108, Chaminade 61: The Eagles set a tournament record for margin of victory as they held the Silverwords (0-4) scoreless for the game's opening 6:55 while taking an 18-0 lead. Boston College had a 42-24 rebounding advantage and went 11-for-17 from 3-point range with Easley leading the way at 6-for-7. He was one of six Eagles in double figures.

No. 5 Kentucky 86, Texas 61: The Wildcats (5-1) did an outstanding defensive job on the Texas backcourt of Terrence Reacher and B.J. Tyler, and Jared Prickett came up big with 14 points and a career-high 14 rebounds.

Kentucky led 37-27 at halftime, broke it open with a 27-17 run to take a 66-44 lead with 10:38 to play

and extended the lead to as much as 81-32 with 5:03 left.

Tony Delk led Kentucky with 15 points. Reggie Freeman led the Longhorns (2-4) with 18 points.

No. 10 Purdue 74, Team-Chattanooga 66: In West Lafayette, Indiana, Glenn Robinson, who missed eight of his first 10 shots, but came back to score 36 points and pace Purdue (9-0) to a hard-fought victory over the Moccasins (3-2).

No. 24 Marquette 84, La. Tech 48: In Milwaukee, the Warriors (6-2) went on a 27-0 tear to turn a 16-14 game into a lullaby with a 43-14 surge at intermission. Anthony Pieper scored nine of his 14 points in the run; Tech (1-4) failed to score for over 10 minutes at the end of the half.

COLLEGE BASKETBALL

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Orioles' Pitcher Olson Enters Free-Agent Market

By Murray Chass
New York Times Service

NEW YORK — A group of 35 new free agents has burst onto major league baseball's winter market, led by Greg Olson, the Baltimore Orioles' closing relief pitcher, whose Olson's sudden, surprising availability aroused widespread but cautious interest among other clubs.

The players became free agents Tuesday because their clubs did not tender them 1994 contracts by the Monday midnight deadline. Contrary to earlier expectations of general managers that the number of non-tendered players would be significantly from last year's 39, this marked the first year since 1989 that the number dropped.

Relief pitchers — 15 in all — dominated the group, but one starter, Greg Hibbard, let go by the Chicago Cubs, most likely will attract the most attention after Olson.

The 27-year-old Olson, a right-hander, had 29 saves in 35 opportunities last season, but an ailing elbow limited him to eight innings after the All-Star break.

The Orioles have tried to sign Olson, and Doug Melvin, their assistant general manager, said they would continue to try to sign him. But the Orioles didn't want to take a chance on winding up in salary arbitration with a pitcher who this year earned \$2.3 million and could gain a healthy raise based on his 1993 performance, then have a recurrence of the elbow problem in spring training.

What the Orioles would like to do is sign Olson to a contract with a base salary of \$1.84 million or less and bonus provisions for considerably more money based on games and innings pitched. A salary of \$1.84 million would represent a 20 percent cut, which would have been the maximum cut if the club had tendered the pitcher a contract. If a club doesn't tender a contract, it can cut a player's salary by any amount if he wants to re-sign.

Jeff Moorad, Olson's agent, said that doctors who tested the elbow within the last week "as part of the Orioles' evaluation" offered "positive feedback."

"In our view the nontender is not a particularly significant development one way or the other," Moorad said.

"Clearly, Gregg's first choice would be to stay with Baltimore, and we're hopeful we can work out an agreement over the next week or so. That having been said, Gregg does have the opportunity to explore other options."

The Cubs tried to trade Hibbard during the past week, but it was obvious to other clubs that they would let him go if they failed to make a deal.

Among other players not tendered contracts were Darrin Jackson and Jeff Ianni of the New York Mets, Mike Harkey and Dwight Smith of the Cubs, Jeff Brantley of San Francisco, Jack Armstrong and Luis Aquino of Florida, Damon Berryhill of Atlanta, Jerald Clark of Colorado, Keith Miller and John Halaby of Kansas City and Kevin Reimer of Milwaukee.

At the same time, clubs continued signing free agents and made more early deals with their arbitration-eligible players.

Montreal catcher Darrin Fletcher, barely eligible for arbitration with two years, 140 days of major league service, got the big deal of the day, a three-year contract worth \$2,625,000.

Fletcher, 27, hit .255 last season with nine homers and 60 RBIs and made \$170,000. He gets \$600,000 in 1994, \$900,000 in 1995 and \$1,125,000 in 1996. Montreal has a 1997 option at \$1.35 million.

Infielder Lance Blankenship and Oakland agreed to a \$550,000, one-year deal, a cut of \$77,500. And pitcher James Austin and the New York Yankees agreed to a minor-league contract.

Why Lewis Can't Fight Holyfield

By Gerald Eskenazi
New York Times Service

NEW YORK — Bob Lee, the head of the International Boxing Federation, took an outrageous position this week: He attempted to infuse morality into the sport.

"I've been trying for a long time," he said, "but it's not easy." It is the reason, he said, that he denied Evander Holyfield's petition for a heavyweight title unification bout against Lennox Lewis.

Lee is tilting against the windmill powers behind Holyfield, who holds the IBF and World Boxing Association crowns. Lewis is the World Boxing Council champion.

Holyfield, who has earned almost \$90 million, wants to fight Lewis. But Lee disclosed Tuesday that he had been in contact with the WBA and that on Monday he had told Holyfield that neither the IBF nor the WBA will sanction the Lewis bout as a title fight. He said the only title fight those two groups will sanction would be between Holyfield and the unbeaten Michael Moore, who is ranked as the top challenger by both organizations.

Holyfield had decided last week that the allure of being the unified heavyweight champion was irresistible. He would continue fighting if he could meet Lewis.

That seemed simple enough, and desirable enough. After all, the fight game almost always is defined by the impact of the heavyweight king. And having a single ruler over that fistic domain makes it neat and tidy and significant.

But not so fast. Moore had been sidestepped once — last month, when Riddick Bowe fought Holyfield even though Moore was the top-ranked contender. Moore agreed to that so-called "step-aside."

Since Moore is promoted by Dan Duhaime, who also happens to be Holyfield's co-promoter, the challenger has again agreed to step aside for a Holyfield-Lewis bout. But Lee wants none of that.

"Fine that he went along," said Lee. "But why should he continue to be ranked at the top and be a logjam? Boxing is going to return to the 1940s and 1950s if we don't have the top challenger fighting for the title. In the old days, they did what they wanted. People today say there are no rules in boxing. But we've got rules."

Holyfield owned all three major titles before losing to Riddick Bowe more than a year ago. In the interim, Bowe ceded his WBC title rather than have a mandatory defense against Lewis. So when Holyfield defeated Bowe in their rematch last month, he got back one less title than he had originally lost.

It is possible that the IBF and WBA may insist that, if Moore declines to meet Holyfield, then the champion must face the second-ranked challenger, Oliver McCaill.

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PEANUTS

I THINK I'VE LEARNED SOMETHING

YOU CAN SLIDE DOWN THE STEPS...

BUT YOU CAN'T SLIDE.

UP THE STEPS...

CALVIN AND HOBBES

I'M NOT BAD, I'M JUST... UM...

...EXUBERANT! THERE'S NOTHING WRONG WITH BEING EXUBERANT!

HEADS UP!

POW!

GO ON, EXPLAIN THE SEMANTICS TO YOUR MOM.

BIKES, SHE GET HER WHIP BACK AND SHE'S GANNING!

BLOONIE

LET'S HEAD FOR LOVE

I'VE GOT AN IDEA FOR OUR CAR POOL.

WHAT'S THAT, BLOONIE?

NEXT YEAR AT CHRISTMAS...

LET'S DO OUR SHOPPING ON ALTERNATE DAYS

WIZARD OF ID

HE LOOKS GOOD

HE SHOULD... HE HASN'T HAD A DRINK IN TWO DAYS

BEEBLE BAILEY

OTTO SHOULD BE DOING SOME WORK AROUND HERE

LIKE WHAT, SIR?

THERE MUST BE SOMETHING... HOW ABOUT GUARD DUTY?

SORRY

I DON'T DO WINDOWS AND I DON'T DO GUARD DUTY

REX MORGAN

DON'T BE SO HARD ON YOURSELF, DEXTER! YOU'RE NOT THE FIRST PERSON TO BLOW UP A MICROWAVE!

I CAN'T EVEN BOIL WATER... I'M A DISASTER IN THE KITCHEN!

SOR YOU'LL LEARN!

YOU STRIKE ME AS A MAN WHO CAN DO ANYTHING, ONCE YOUR MIND IS MADE UP!

DOONESBURY

IT'S NOT JUST ME, MAN! WHEN YOU SEE A BODILY OFFENSE, YOU SHOULD REPORT IT TO THE POLICE!

AND WHAT? COMMUNITY MENTAL HEALTH? BE A GOOD GUY!

MY FRATERNITY MAN WHO'S BEING A LOT MORE TO ME THAN A BUNCH OF BODILY OFFENSES!

BUT AREN'T PATRIOTISM AND COUNTRY ALSO CALLED BODILY OFFENSES?

BACK OFF, MAN. WE'RE ALL READY TO TAKE MAJOR IN-SERVENITY, DURY! PLUS, THIS GRADE MEANS HE UP WITH A BUNCH OF MY LIFE IS LIKE... RINCH!

WELL, YES! THAT'S THE GO-ON! OVER DE-IMPROMPTU!

YOU YOU SHOULD SEE, MAN! I THINK I COULD GET IT!

GARFIELD

ATTENTION! DAD IS GOING TO GIVE HIS ANNUAL HOLIDAY READING OF "BINKY," THE CLOWN WHO SAVED THE CHRISTMAS!

SO EVERYBODY GATHER AROUND REAL CLOSE!

OKAY, WHO DRANK THE GARLIC NOG?

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SPORTS

Girardelli, Mader: Both Skiers Fail to Meet Expectations

By Ken Shulman
Special to the Herald Tribune
VAL GARDENA, Italy — Few people expected Austria's Günther Mader to be battling for the top position in this year's World Cup overall standings...



Elena Vaelbe, left, and Lubov Egorova helped the Russian A team dominate the women's World Cup 4x5-kilometer relay race Wednesday in Dobbiaco, Italy. Vladimir Smirnov of Kazakhstan, who led from start to finish, then beat Silvio Fauner of Italy and Bjorn Daelhlie of Norway in the men's 15-kilometer cross-country pursuit free style for his third victory in four World Cup races this season.

He missed the 1984 Sarajevo Games because he did not yet have a Luxembourg passport. He broke his elbow and several ribs three weeks before the 1988 games in Calgary, and although he did compete, he was far from peak form.

World Cup standings five out of the past six seasons. He has won four medals in three World Championships, and was a surprise bronze medal winner in the 1992 Olympic downhill. His record also shows 10 career victories in World Cup racing.

USOC Rules That Sur Can't Compete in Lillehammer Games

The Associated Press
NEW YORK — Gorbachev's efforts to help the United States win its first medal in Olympic ice dancing since 1976 appear to be over. The U.S. Olympic Committee said Tuesday that the 26-year-old Russian would not be allowed to compete with partner Renee Roca for a berth on the U.S. team for the Lillehammer Games because his citizenship application was still before Congress.

chance to compete for an Olympic berth in the marathon. Flaates since has acquired U.S. citizenship and this year won the Marathon World Championship. Sur and Roca are defending national ice dancing champions and considered capable of gaining an Olympic medal. They have been impressive in several recent international events.

Austrian Trinkl Steals Super-G From the Stars

Compiled by Our Staff From Dispatches
LECH AM ARIBERG, Austria — Alpine skiing's elite racers were knocked off their pedestals Wednesday when Hannes Trinkl, an unsung Austrian, made an amazing late run to steal the men's World Cup super-giant slalom.

Trinkl's teammate, Armin Assinger, who had already given a winner's press conference, was dropped back to third at 1:5.10. "Normally a race is over by the time the 51st racer goes but today the piste just got better and better," Trinkl said.

Organizers had to clear masses of overnight snow from the track, and the first group of competitors struggled with loose snow and less than ideal visibility on the upper stretch. The conditions were so bad that 13 gates and 400 meters were lopped from the tough top section of the course.

Trinkl's victory extended Smirnov's World Cup overall lead to a commanding 350 points in four races. Daelhlie is second, with one victory and 236 points. In an earlier race on the same ski run, Russian teams finished 1-2 in the women's World Cup 4x5-kilometer relay race.

FLACHAU, Austria — Katja Koren, an 18-year-old high school student from Maribor, Slovenia, won Wednesday's women's super-G in sensational fashion, two days after countryman Jure Kosir posted the young republic's first World Cup victory in a special slalom at Madonna di Campiglio, Italy.

Koren, whose average speed was a fast 72.029 kilometers per hour, won in 1:15.62, just eight hundredths of a second ahead of Perez. Koren won prize money totaling 250,000 schillings (\$20,813), which equals about 2.5 million Slovenian tolar and is an incredible sum in her national currency.

Finland's Jari Isometsa and Mika Myllylä finished fourth and fifth, respectively, ahead of the Norwegian duo of Sture Sivertsen and Thomas Alsgaard. Isometsa and Sivertsen placed second and third, behind Smirnov, in Tuesday's opener of the two-day World Cup program in the northern Italian resort.

SIDELINES

New Golf Tournament Announced

NEW YORK (AP) — A \$2 million international team golf championship matching the U.S. Ryder Cup team against Southern Hemisphere players was announced Wednesday. No site or date was given for the tournament, expected to take place late in 1994.

Agassi and Krajicek to Miss Open

MELBOURNE, Australia (Combined Dispatches) — Andre Agassi and Richard Krajicek, two of the tournament's major drawing cards, have withdrawn from next month's Australian Open tennis championship, organizers said Wednesday.

A Guilty Plea in NFL Cocaine Case

SANTA ANA, California (AP) — Tracy Ann Donahoe, 20, a former cheerleader for the Los Angeles Rams, has pleaded guilty to drug conspiracy charges in an agreement with prosecutors who allege that Darryl Henley, a cornerback for the NFL team, ran a nationwide cocaine ring from his home in Brea, California.

For the Record

Skip Holtz, 29, the son of Notre Dame's coach, Lou Holtz, and until Wednesday his father's offensive coordinator, was hired as the University of Connecticut's football coach. The World Cup draw, estimated to have been seen by 500 million people around the globe, was watched by just 313,000 U.S. households, according to figures released by ESPN.

Baseball's Ochiai Is Japan's Best Paid

TOKYO — Hiromitsu Ochiai, who shopped for a better deal under Japanese baseball's new free agent system, has become the nation's highest-paid athlete in any sport with a salary estimated at 360 million yen (\$3.24 million). Meanwhile, an American has set a record for earnings in the ancient Japanese sport of sumo. Akebono, or Chad Rowan, received 79.2 million yen (\$714,000) in salary and prize money in 1993, breaking the previous record of 65 million yen set by former yokozuna, or grand champion, Chiyonofuji.

SCOREBOARD

Table with columns for Major League Scores, NBA Standings, NFL Standings, and Tuesday's Results. Includes team names, scores, and standings.

HOCKEY

Table with columns for NHL Standings, Tuesday's Results, and National Hockey League. Includes team names, scores, and standings.

TRANSACTIONS

Table listing baseball transactions, including player movements, free agent signings, and contract renewals.

OLYMPIC SPORTS

World Cup Skiing
MEN'S SUPER-GIANT SLALOM
Results Wednesday from Lech, Austria: 1. Russia's Vladimir Smirnov, one minute 48.82 sec; 2. Werner Parathamer, Italy, 1:50.82; 3. Armin Assinger, Austria, 1:51.91; 4. Markus Wasmeier, Germany, 1:52.51; 5. Marc Girardelli, Luxembourg, 1:52.77; 6. Arne Schröder, Norway, 1:52.79; 7. Jari Isometsa, Finland, 1:53.24; 8. Kjetil André Aamodt, Norway, 1:53.24.

Vertical text on the right edge of the page, possibly a page number or a small advertisement.

ART BUCHWALD

Dog Days at Christmas

WASHINGTON—Joe Daniel told me that he had done all his Christmas shopping except for his dog, Cooper.



Buchwald

"Cooper is not too much into music. Every time we play Henry Mancini he starts barking his head off."

Henry Moore Heir Loses Court Fight For His Works

LONDON—The daughter of the late sculptor Henry Moore has lost a court battle for control of some of his greatest works.

"We must not give up. Why not a new plush, cushy, yummy bed made in China?"

In London, It's 'Estuary English'

By John Darnton
LONDON—If Henry Higgins were to stroll past the flower vendors in Covent Garden today, he might well catch an accent that would send him scurrying back to his phonetics laboratory.



English

A new accent seems to be establishing itself around London, a hybrid between the Queen's English and what many would describe as cockney.

middle or at the end of words. "St. Paul's" becomes "St. Pawls."

PEOPLE

Larry King Condensed

Larry King, apparently saving himself for television, has decided to cut back his radio schedule.

Princess Diana returned to the limelight less than a week after giving the impression she was withdrawing from public duties.

More than 40 country music stars, including Garth Brooks, Billy Ray Cyrus, Toby Keith, Willie Nelson, Hank Chesnut and Mary Chapin Carpenter, are launching a U.S. campaign to prevent the spread of AIDS.

The Grateful Dead was the top grossing concert act of 1993 in the United States, according to Performance magazine.

INTERNATIONAL CLASSIFIED
Appears on Pages 6 & 7

WEATHER

Weather forecast for Friday through Sunday, as provided by Accu-Weather. Includes maps of Europe, Asia, Africa, and North America with temperature and precipitation data.

WEEKEND SKI REPORT

Table with columns for Resort, Depth, U.P. Status, Res. Status, Snow Last, and Comments. Lists various ski resorts and their conditions for the weekend.

AT&T Advertising: Travel in a world without borders, time zones or language barriers. Includes AT&T logo and a table of international access numbers for various countries.

Handwritten Arabic text at the bottom of the page.